



City of Eugene, Oregon

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

Jon Ruiz
City Manager

COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF EUGENE, OREGON
FISCAL YEAR ENDED JUNE 30, 2015



REPORT PREPARED BY THE CITY
FINANCE DIVISION

INTRODUCTORY SECTION

CITY OF EUGENE, OREGON
 Comprehensive Annual Financial Report
 Year ended June 30, 2015

Table of Contents

	<u>Exhibit</u>	<u>Page(s)</u>
<i>INTRODUCTORY SECTION</i>		
Letter of Transmittal		1 - 7
GFOA Certificate of Achievement		8
Organizational Chart		9
Principal City Officials		10
 <i>FINANCIAL SECTION</i>		
Independent Auditor's Report		11 - 13
Management's Discussion and Analysis		15 - 25
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	27
Statement of Activities	2	28
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	29
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	31
Statement of Fund Net Position - Proprietary Funds	6	32 - 33
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	7	35
Statement of Cash Flows - Proprietary Funds	8	36 - 37
Notes to Basic Financial Statements		38 - 80

CITY OF EUGENE, OREGON
Comprehensive Annual Financial Report

Table of Contents, continued

	<u>Schedule</u>	<u>Page(s)</u>
<i>FINANCIAL SECTION, CONTINUED</i>		
Required Supplementary Information:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:		
General Fund	A-1	81
Community Development Fund	A-2	82
Notes to Required Supplementary Information		83 - 84
Other Supplementary Information:		
<i>Nonmajor Governmental Funds Combining Statements:</i>		
Combining Balance Sheet	B-1	85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	86
<i>Special Revenue Funds:</i>		
Combining Balance Sheet - Nonmajor Special Revenue Funds	C-1	87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	C-2	88
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:		
Construction and Rental Housing Fund	C-3	89
Library, Parks, and Recreation Fund	C-4	90
Public Safety Communications Fund	C-5	91
Road Fund	C-6	92
Solid Waste and Recycling Fund	C-7	93
Special Assessment Management Fund	C-8	94
Telecom Registration and Licensing Fund	C-9	95
Urban Renewal Agency General Fund	C-10	96
Urban Renewal Agency Riverfront Fund	C-11	97

CITY OF EUGENE, OREGON
Comprehensive Annual Financial Report

Table of Contents, continued

	<u>Schedule</u>	<u>Page(s)</u>
<i>FINANCIAL SECTION, CONTINUED</i>		
Other Supplementary Information, continued:		
<i>Debt Service Funds:</i>		
Combining Balance Sheet - Nonmajor Debt Service Funds	D-1	99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Debt Service Funds	D-2	100
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:		
General Obligation Debt Service Fund	D-3	101
Special Assessment Bond Debt Service Fund	D-4	102
Urban Renewal Agency Debt Service Fund	D-5	103
<i>Capital Projects Funds:</i>		
Combining Balance Sheet - Nonmajor Capital Projects Funds	E-1	105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds	E-2	106
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:		
General Capital Projects Fund	E-3	107
Special Assessment Capital Projects Fund	E-4	108
Systems Development Capital Projects Fund	E-5	109
Transportation Capital Projects Fund	E-6	110
Urban Renewal Agency Capital Projects Fund	E-7	111
Urban Renewal Agency Riverfront Capital Projects Fund	E-8	112
<i>Enterprise Funds:</i>		
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual:		
Ambulance Transport Fund	F-1	113
Municipal Airport Fund	F-2	114

CITY OF EUGENE, OREGON
Comprehensive Annual Financial Report

Table of Contents, continued

	<u>Schedule</u>	<u>Page(s)</u>
<i>FINANCIAL SECTION, CONTINUED</i>		
Other Supplementary Information, continued:		
<i>Enterprise Funds, continued:</i>		
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual, continued:		
Parking Services Fund	F-3	115
Stormwater Utility Fund	F-4	116
Wastewater Utility Fund	F-5	117
<i>Internal Service Funds:</i>		
Combining Statement of Net Position	G-1	119
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	G-2	121
Combining Statement of Cash Flows	G-3	122 - 123
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual:		
Facilities Services Fund	G-4	124
Fleet Services Fund	G-5	125
Information Systems and Services Fund	G-6	126
Professional Services Fund	G-7	127
Risk and Benefits Fund	G-8	128
Other Supplementary Schedules:		
Schedule of Property Tax Transactions	H-1	129
Schedule of Bonded Debt Transactions	H-2	130 - 131
 <i>STATISTICAL TABLES SECTION</i>		
Government-wide Information:		
Net Position by Component	I-1	133
Changes in Net Position	I-2	134 - 135

CITY OF EUGENE, OREGON
Comprehensive Annual Financial Report

Table of Contents, continued

	<u>Schedule</u>	<u>Page(s)</u>
<i>STATISTICAL TABLES SECTION, CONTINUED</i>		
Fund Information:		
Fund Balances - Governmental Funds	I-3	137
Changes in Fund Balances - Governmental Funds	I-4	138 - 139
Taxable Assessed Value and Actual Value of Property	I-5	140
Direct and Overlapping Property Tax Rates	I-6	141
Property Tax Levies and Collections	I-7	142
Ten Principal Property Taxpayers	I-8	143
Ratio of Outstanding Debt by Type	I-9	144
Ratio of General Bonded Debt Outstanding	I-10	145
Direct and Overlapping Governmental Activities Debt	I-11	146
Legal Debt Margin - General Obligation Bonded Debt	I-12	147
Demographic and Economic Statistics	I-13	148
Ten Principal Employers	I-14	149
City Government Employees by Function/Program	I-15	150
Operating Indicators by Function/Program	I-16	151
Capital Asset Statistics by Function/Program	I-17	152
 <i>AUDIT COMMENTS AND GOVERNMENT AUDITING STANDARDS SECTIONS</i>		
Audit Comments:		
Independent Auditor's Report Required by Oregon State Regulations		155 - 156
Government Auditing Standards:		
Government Auditing Standards Report:		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		159 - 160

CITY OF EUGENE, OREGON
Comprehensive Annual Financial Report

Table of Contents, continued

	<u>Schedule</u>	<u>Page(s)</u>
<i>AUDIT COMMENTS AND GOVERNMENT AUDITING STANDARDS SECTIONS, CONTINUED</i>		
Government Auditing Standards, continued:		
OMB Circular A-133 (Single Audit) Report:		
Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133		163 - 164
Schedule of Findings and Questioned Costs		165
Schedule of Expenditures of Federal Awards	J-1	166 - 168
Notes to Schedule of Expenditures of Federal Awards		169



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December 23, 2015

Citizens of Eugene
The Honorable Kitty Piercy, Mayor
Members of the City Council
Jon R. Ruiz, City Manager

It is my pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Eugene, Oregon, for the fiscal year ended June 30, 2015.

Local ordinances and state statutes require that the City of Eugene issue a report on its financial position and activity within six months of the close of each fiscal year. In addition, this report must be audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants.

This report consists of management's representations concerning the finances of the City. Consequently, responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To provide a reasonable basis for making these representations, management has established an internal control structure designed to safeguard City assets against loss, theft, or misappropriation, and to ensure the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure has been designed to provide reasonable, but not absolute, assurance that these objectives are being met. The concept of reasonable assurance recognizes that:

- The cost of the control structure should not exceed the benefits likely to be derived; and
- The evaluation of cost and benefits requires estimates and judgments by management.

We believe that the City's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions. To the best of our knowledge, the enclosed data are presented accurately in all material respects, along with the disclosures necessary to provide the reader with a reasonable understanding of the City's financial affairs.

The City's financial statements were audited by Isler CPA, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's basic financial statements for the fiscal year ended June 30, 2015, are fairly presented, in all material respects, in conformity with GAAP. The independent auditor's report on the Basic Financial Statements is included in the Financial Section of this report.

In addition to meeting the requirements set forth above, the independent audit also was designed to meet the special needs of federal grantor agencies as provided for in the Federal Single Audit Act and the Office of Management and Budget's (OMB) Circular A-133. These standards require the independent auditor not only report on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the independent audit for the fiscal year ended June 30, 2015 indicated no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The independent auditor's reports related specifically to the Single Audit and OMB Circular A-133 are included in the Government Auditing Standards Section.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report on the basic financial statements.

City Overview

The City of Eugene was incorporated in 1862, and the citizens adopted the Council/Manager form of government in 1944. The City Council develops legislation and policies to direct the City organization, and hires a professional manager (the City Manager) to oversee City of Eugene personnel and operations. The Mayor is elected at-large to a four-year term and acts as the formal representative of the City and presides over City Council meetings. The City Council has eight members elected by ward to four-year terms, with one-half of the council elected every two years.

As of July 1, 2014, 160,775 people resided within Eugene's municipal boundaries, making it Oregon's second largest city. City boundaries encompassed 44 square miles in Lane County. The Willamette River runs through the heart of the City and the McKenzie River joins the Willamette to the north of the City. Eugene is the center of government and education including County, State and Federal government agencies, and is home to the University of Oregon. Over the last ten years, Eugene's population has increased on average by 1.0% annually.

The City provides a full range of municipal services. These services include police, fire, emergency medical services, municipal court, community planning and development, parks and open space, library, recreational and cultural activities, airport, wastewater treatment, stormwater management, general public works and administration, along with other functions associated with a full-service municipal government. These services are provided primarily to citizens who live within the corporate limits. However, many of the services and facilities operated by the City are provided for and financed by regional service areas larger than the City. As allowed by state statutes, the City levies a property tax on real and personal property located within its boundaries.

For financial reporting purposes, the City includes all funds subject to appropriation by the City Council. In addition, the City includes all governmental organizations and activities for which the City Council is financially accountable. Therefore, the financial statements of the Urban Renewal Agency of the City of Eugene, although legally separate, have been combined with those of the City proper by including them in the appropriate statements and schedules in this report.

For financial planning and control, the City prepares and adopts an annual budget in accordance with Oregon Revised Statutes 294.305 through 294.565. Local government budgeting in Oregon is a joint effort between the people affected by the budget and the appointed and elected officials responsible for adopting the budget. Elected and appointed officials determine the allocation of resources among the service areas. The State of Oregon Department of Revenue ensures that the budget is prepared according to the Oregon Local Budget Law. Citizens provide input to promote adequate funding for programs they want and need.

To give the public ample opportunity to participate in the budgeting process, local budget law requires that a Budget Officer be appointed and a Budget Committee be formed. The Budget Officer draws together necessary information and prepares the first draft of the budget. The Budget Committee then reviews and revises the proposed budget before making its recommendations to the City Council. Notices are published, budgets are made available for review, and at least two public hearings are held – one hearing is held before the Budget Committee, which is composed of the eight City Councilors and eight appointed citizen members, and one hearing is held before the City Council. Additionally, opportunities for public testimony are provided at many Budget Committee meetings. These requirements encourage public participation in the budget-making process and give public exposure to budgeted programs and fiscal policies before the governing body of the municipal corporation adopts the budget.

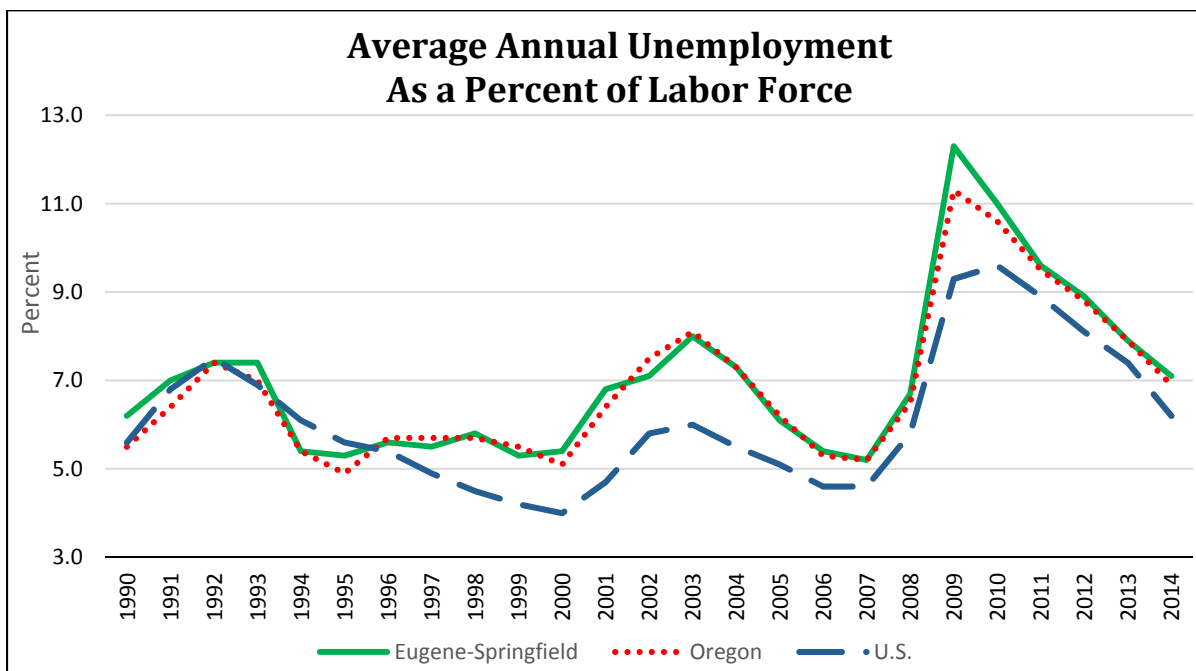
The legally adopted budget is at the fund and department level for operating expenditures, with separate appropriations established for capital projects, debt service, interfund transfers, interfund loans, and special payments. Budgetary controls are administered internally at a more restrictive level. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the General Fund and the Community Development Fund, this comparison is presented as required supplementary information in this report. For all other funds, this comparison is presented as other supplementary information.

Local Economy

Eugene is located in western Oregon, in the southern Willamette Valley, in close proximity to the Pacific Ocean and the Cascade Mountain Range. Citizens and visitors enjoy the mild climate, recreation and fitness opportunities, and the diverse cultural events it has to offer. Interstate 5 connects Eugene to the Portland metropolitan area and Washington state to the north, and California to the south. State highways provide access to the Cascade Mountains and the recreational opportunities of eastern Oregon, and to the picturesque coastal towns, state parks and public beaches to the west.

Eugene's municipal airport is serviced by five air carriers: Alaska Airlines, Allegiant, American Airlines, Delta, and United Airlines. Commercial air service links Eugene directly to Denver, Honolulu, Las Vegas, Los Angeles, Oakland, Phoenix/Mesa, Portland, Salt Lake City, San Francisco, San Jose and Seattle.

Eugene is the largest city in Lane County and the second largest city in Oregon, representing 44.8% of the county's and 4.1% of the state's population. Eugene's economy typically follows the trends of the state and national economies. The unemployment rate in the Eugene-Springfield Metropolitan Statistical Area (MSA) rose sharply as a result of the recession, from an average annual rate of 5.2% in 2007 to a high of 12.3% in 2009, primarily due to job losses from closure of the City's largest private employer, Hynix, as well as other job losses in construction, manufacturing, retail, and professional services. Eugene's 2014 unemployment rate dropped to 7.1%, which is still high by historic standards, and 0.9% higher than the national average:



The two pillars that have historically provided relative stability in Eugene's economy are the large public sector employment base and population in-migration. In prior years, the influx of new residents has helped the economy diversify away from lumber and wood products manufacturing. California has been the largest source of new residents to the area due to Eugene's proximity to that state, local environmental and cultural amenities, and relatively low cost of living. However, Eugene's population growth has slowed down somewhat in recent years as a result of the recession and resulting high unemployment rate. While historical population growth rate has been approximately 1.0%, in the last four years for which population data are available (2012 through 2015), the growth rate has averaged 0.7%.

County, state, and federal government agencies are centered in Eugene, as well as the University of Oregon and Lane Community College. Between 2005 and 2014, employment in the government, education and health services sectors increased by 10.6%, largely due to growth of the University of Oregon. In the 2014-15 academic year the University of Oregon had an enrollment of 24,181 students. The University of Oregon was also ranked within the top 2% of U.S. research universities by the Carnegie Foundation in 2010. In fiscal year 2014, the University generated over \$110 million in sponsored research activity and \$7 million in licensing revenue, putting UO among top performers nationally for research institutions. The University is a major contributor to Oregon's economy, generating economic activity estimated at more than \$2.0 billion.

As the local economy has diversified away from dependence on resource-based and manufacturing industries, the Eugene-Springfield area has also become an increasingly important center for health services in Western Oregon. The University District campus is home to the Center for Medical Education and Research, a partnership among the University of Oregon, Oregon Health Sciences University and Sacred Heart to train new physicians. The campus employs more than 1,250 people and serves to strengthen the city's health care sector. With the federal Affordable Care Act of 2010 now fully implemented, the number of Oregonians uninsured has dropped, providing greater payment stability to hospitals, clinics and the city's economy. Kaiser Permanente, one of the nation's largest nonprofit health care providers serving 9.6 million people, is planning to enter the Eugene market in 2016 by opening two new clinics. Additionally, the U.S. Department of Veterans Affairs is working to complete a \$60.0 to \$80.0 million clinic in north Eugene that is expected to employ 235 people and scheduled to open in January 2016. PeaceHealth Medical Group is the area's second largest employer with approximately 4,200 jobs.

Eugene's economy has been aided by large construction projects at the University of Oregon, expansion in health care services, growth in the food and beverage sector, hospitality and events. Several recent projects at the University have boosted local construction activity such as the recent completion of a \$50.0 million expansion of the student recreation center that opened earlier in 2015. Additionally, a \$95.0 million expansion and renovation of the Erb Memorial Union is expected to be completed in 2016. Large real estate firms have also made recent moves into the student housing market; Principal Financial Group, an Iowa-based Fortune 500 firm, purchased a six-story student apartment complex for \$45.5 million in March and American Campus Communities is completing a \$65.0 million apartment building scheduled to open in 2015.

Eugene's food and beverage industry continues to thrive by responding to consumer preferences for local products. Small-scale agriculture, specialty food stores, breweries and restaurants have synergized into a food manufacturing cluster that has grown over the last 10 years despite a slowdown in other sectors of the economy. Larger natural food companies have taken notice. Whole Foods plans to build a \$3.25 million, 34,000 square foot store that will open in downtown Eugene in 2016.

Eugene will again host the U.S. Olympic Team Trials for track and field in 2016. The University's venerable Hayward Field, which has received multi-million dollar upgrades, will host the event that draws approximately 20,000 visitors. Eugene was also recently selected by the International Association of Athletics Federation (IAAF) to host the 2021 World Outdoor Track and Field Championship, marking the first time this prestigious event has been held in the United States. Large events are helping to expand the city's lodging amenities. Hilton Hotels is planning to complete a new 120-room hotel in downtown Eugene by spring 2016, and Hyatt is scheduled to open a new 124-room hotel just north of downtown by summer 2016. These and other developments are helping the city evolve and grow from its traditional lumber and manufacturing based economy.

Eugene is also investing in its transportation system. The City is now midway through a ten-year program of major street repair projects that accelerated in 2012 when Eugene voters resoundingly approved a \$43.0 million bond measure to repair 76 streets, as well as bicycle and pedestrian projects. FY15 was the first year the voter approved property taxes were levied for the street repair projects.

The Eugene Water and Electric Board's (EWEB) waterfront property is the largest area available for redevelopment in downtown Eugene. In addition to working to revitalize the core area of downtown, elected officials and staff from both the City and EWEB have been working in partnership with community members to determine the desired mix of uses on the site and to transform the existing industrial site to a downtown riverfront. In 2013, the City Council adopted a series of land use amendments including new land use designations and special area zoning for the site. The next key steps involve the selection of a developer to lead the transformation of the waterfront property, negotiations for property acquisition and a development agreement before any redevelopment scenario can begin. Although it may be some time before the anticipated uses including housing and restaurants are completed, redevelopment of this important site is moving forward with the goal of creating an urban, active, sustainable riverfront for the entire community to enjoy.

Long-term Financial Planning

The City of Eugene recognizes the importance of strategic long-term financial planning. Each year, forecasts are prepared to estimate the financial health of each major reporting fund for the next six fiscal years. These forecasts are designed to inform policy makers about the long-term impacts of pending budget decisions and other potential financial dynamics for City operations. The City also utilizes three additional important planning documents: the *Capital Improvement Program*, the *Multi-Year Financial Plan* and the *Debt Capacity Analysis*.

The largest fund is the General Fund, which is the general operating fund for the City. In preparation for the FY16 budget, the General Fund forecast was updated to provide policy makers with the financial outlook for the fund. After closing a nearly \$30.0 million gap in the General Fund budget over the past several years and reducing the annual operating budget growth rate from 6.2% in FY03 through FY09 to 1.5% in FY10 through FY15, the City is projected to have greater fiscal stability in the future. Revenues are projected to grow by 4.1% on an annual basis from FY16 through FY21, while expenses are projected to grow by 3.8% over the same time period.

The FY16 budget process was more straightforward compared to years prior in part because this is the first year that the General Fund forecast did not indicate a long-term structural budget gap. The hard work of staff, elected officials, community partners and the Budget Committee over the last several years successfully created a stable budget environment that provided funding for current service levels this fiscal year, while adding a few additional services and maintaining the reserve for potential revenue shortfalls. The FY16 Adopted Budget includes the Budget Committee's full recommendation to provide ongoing funding for the Sheldon Branch Library, paid sick leave costs for temporary City of Eugene employees, as well as one-time funding for a Police evidence control unit, neighborhood association materials and outreach, and the Human Services Commission. The City also committed resources for replacing City-wide software systems to increase efficiency and enhance the technology that helps staff manage business and administrative processes such as accounts payable, human resources, payroll, general ledger, budget, receivables and purchasing. FY16 General Fund budget changes total \$1.2 million and non-general fund changes total \$8.9 million.

In March 2015, the City Council approved the FY16-21 *Capital Improvement Program (CIP)*. The CIP forecasts the City's capital needs over a six-year period based on various long-range plans, goals, and policies. The underlying strategy of the CIP is to plan for land acquisition, construction, and major maintenance of public facilities necessary for the safe and efficient management of City assets. A critical element of a balanced CIP is the provision of funds to preserve or enhance existing facilities and provide new assets which will help the City respond to changing service needs and community growth. The program is approved every other year and serves as the basis for the capital budget for the next two fiscal years. The FY16-21 CIP totals \$171.2 million in projects with funding secured or identified from a variety of sources. The capital budget for FY16 totals \$32.3 million.

Transportation is the largest CIP category with a total allocation of \$62.5 million, of which \$54.5 million is dedicated towards pavement preservation and road maintenance. Airport capital improvements, including the terminal building expansion, Concourse C addition, automated rental car wash facility, access improvements and preservation and maintenance projects, will account for \$42.1 million. About \$21.6 million for public buildings will primarily be invested in preservation and capital maintenance of existing City facilities. Improvements to preserve and rehabilitate the City's wastewater system will be funded with \$15.9 million. Under the City's stormwater program, drywell decommissioning, stream corridor acquisition, bank stabilization and stream restoration, and system upgrades and capacity enhancements are to be funded at \$15.4 million. Approximately \$13.7 million in anticipated capital spending will be for parks and open space projects.

In January 2015, the City's Executive Team reviewed the *Multi-Year Financial Plan (MYFP)* for FY16-21. The MYFP was subsequently provided to the Mayor and the City's Budget Committee in April 2015 as part of the FY16 budget process. The MYFP is a compilation of significant, unfunded challenges and opportunities that the City is expected to encounter over the next six fiscal years. It serves as a strategic planning tool and helps address Council's goal for "Fair, Stable, and Adequate Resources." It provides an important means to improve the City's ability to link the Council goals process, the Capital Improvement Program, the General Fund Six-Year Forecast, other projects or specific strategic plans, and the annual budget process.

The FY16-21 MYFP identified 59 items with total estimated unfunded costs of about \$450.0 million. Some of the largest unfunded costs by service category include \$133.9 million for community centers, \$82.7 million for transportation, \$59.1 million for public buildings and facilities, \$35.1 million for emergency medical/fire services, \$32.8 million for Municipal Court, and \$25.1 million for fleet and radio communications. Many of these items would also have ongoing fiscal impacts on the operating budget that would also need to be considered in order for the City's budget to be sustainable.

With the significant amount of future capital projects, as well as identified unfunded needs, the City also recognizes the need to be thoughtful and deliberate in planning future debt levels. As a result, the City has developed a *Debt Capacity Analysis* that is generally updated every two years in conjunction with the CIP update. This study looks at not just the legally allowable level of debt, but the level of debt that the community would consider affordable, given the community's ability and willingness to pay for that debt. The Budget Committee adopted a debt policy limit of net direct debt of no more than 1% of real market value of property. The *Debt Capacity Analysis* measures future

debt plans against this debt policy limit to determine whether those plans are considered affordable and those results are included in the CIP. The City's net direct debt to real market value was 0.13% at the end of FY14.

City Council Vision and Goals

The City Council adopts goals that provide major policy direction for budget allocations and service delivery. The City Council adopted the following vision and goals in 2009.

City Council Vision

- Value all people, encouraging respect and appreciation for diversity, equity, justice, and social well-being. We recognize and appreciate our differences and embrace our common humanity as the source of our strength;
- Be responsible stewards of our physical assets and natural resources. We will sustain our clean air and water, beautiful parks and open spaces, livable and safe neighborhoods, and foster a vibrant downtown, including a stable infrastructure; and
- Encourage a strong, sustainable and vibrant economy, fully utilizing our educational and cultural assets, so that every person has an opportunity to achieve financial security.

City Council Goals

Safe Community

A community where all people are safe, valued, and welcome.

Sustainable Development

A community that meets its present environmental, economic, and social needs without compromising the ability of future generations to meet their own needs.

Accessible and Thriving Culture and Recreation

A community where arts and outdoors are integral to our social and economic well-being and are available to all.

Effective, Accountable Municipal Government

A government that works openly, collaboratively, and fairly with the community to achieve measurable and positive outcomes and provide effective, efficient services.

Fair, Stable and Adequate Financial Resources

A government whose ongoing financial resources are based on a fair and equitable system of revenues and are adequate to maintain and deliver municipal services.

Major New Initiatives

The City strives to make progress on all of the City Council goals, as circumstances and funding allow. Two of the major new initiatives reflect several of those goals:

- Corporate Renovation Project reflects Effective, Accountable Municipal Government;
- Park and Recreation System Plan reflects Accessible and Thriving Culture and Recreation and Fair, Stable and Adequate Financial Resources.

Throughout FY15, the Finance, ISD, Risk and Human Resources Divisions collaborated on a plan to update and streamline financial, human resource and risk operations. City staff initiated the project, which is called the Corporate Renovation Project, by examining current business processes in an effort to develop more efficient and effective ways to perform City operations. As part of the project, the City will replace its corporate software, which is at the end of its useful life. "Corporate software" is the software used to manage a variety of City-wide business processes such as paying bills, preparing and monitoring the budget, and managing human resources and risk services.

As is the case for many cities, the City's current web of systems is not optimally integrated, reflects aging business processes and doesn't capitalize on new technologies. The City will be able to improve efficiency and effectiveness

by acquiring a more current, integrated suite of corporate software components, and by streamlining and standardizing business processes. FY15 project activities included adopting project goals, identifying initial project funding, establishing a project governance structure, hiring a consultant, and preparing for an in-depth analysis of business processes to be conducted in FY16. Full implementation of a new corporate software system is anticipated to take about five years.

The City is updating its Park and Recreation System Plan - seeking both to build on the system's strong legacy and to make necessary adjustments to meet new challenges. PARKS & RECreate is an 18-month process to engage the community in planning for the future. The resulting Parks & Recreation System Plan will create an achievable set of actions to guide services for the next decade. The City is looking to address new demands and ongoing challenges, such as funding for maintenance and operations of existing assets, as well as one-time funds needed to acquire new facilities to provide equitable services across the city and keep pace with community growth. A number of aging parks and recreation facilities that are in need of rehabilitation and upgrades are costly to maintain and do not have the capacity or the flexibility to meet growing and changing recreational needs. The City has conducted community outreach to determine citizen's desires and expectations for the future of its parks and recreation operations. The Parks and Recreation System Plan will outline priorities, inform policy-making, guide decision-making and define a program of investment.

Other Information

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Eugene for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This was the 39th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its adopted budget document for FY15. In order to qualify for the Award, the budget document was judged to be proficient in several categories as a policy document, financial plan, operations guide, and communications device. The City has received this award for 32 years, and is one of the few jurisdictions in the country to have received this recognition every year since its inception.

Acknowledgments

The Finance Division has the responsibility for preparing the Comprehensive Annual Financial Report. I appreciate and thank all staff who assisted and contributed to the report's presentation. I would also like to thank the Mayor, members of the City Council and Budget Committee, the City Manager and Executive Team for their interest and support in managing the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Sue Cutsogeorge
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

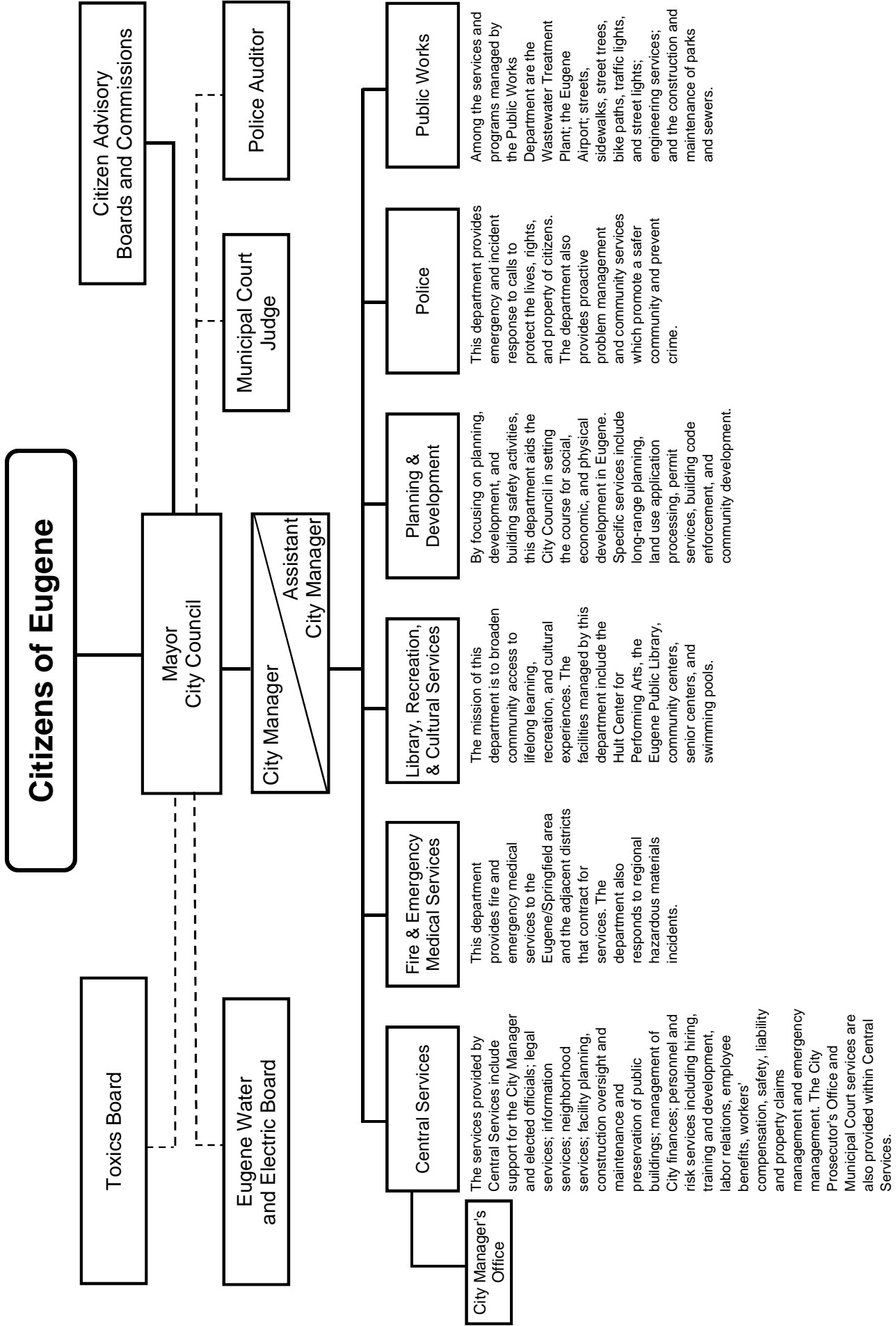
**City of Eugene
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

City of Eugene Organizational Chart



CITY OF EUGENE, OREGON

Mayor and City Council as of June 30, 2015

	<u>Name</u>	<u>Term Expires</u>
Mayor:	Kitty Piercy	January 2017
Councilors:	George Brown (Ward 1)	January 2017
	Betty Taylor (Ward 2)	January 2017
	Alan Zelenka (Ward 3)	January 2019
	George Poling (Ward 4)	January 2019
	Mike Clark (Ward 5)	January 2019
	Greg Evans (Ward 6)	January 2019
	Claire Syrett (Ward 7)	January 2017
	Chris Pryor (Ward 8)	January 2017

Principal Officials

Jon R. Ruiz, City Manager

Sarah Medary, Assistant City Manager

Glenn Klein, City Attorney

Kristie Hammitt, Central Services Executive Director

Randall B. Groves, Fire and Emergency Medical Services Chief

Renee Grube, Acting Library, Recreation, and Cultural Services Executive Director

Sarah Medary, Planning and Development Executive Director

Pete Kerns, Chief of Police

Kurt Corey, Public Works Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Eugene, Oregon

An Independently Owned Member
McGLADREY ALLIANCE



Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eugene, Oregon ("the City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note (5) I and J to the financial statements, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinions are not modified with respect to this matter.

Other matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 15 through 25), the schedules of revenues, expenditures and changes in fund balances – budget and actual of the General Fund and the Community Development Fund (pages 81 through 82) (the "budgetary schedules"), the schedule of the City's Proportionate Share of the Net Pension Asset/(Liability) (page 83), the schedule of OPEB funding progress (page 83), and the budget to GAAP reconciliation (page 84), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to management's discussion and analysis, the schedule of the City's Proportionate Share of the Net Pension Asset (Liability), and the schedule of OPEB funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary schedules described above on pages 81 - 82 and the budget to GAAP reconciliation on page 84 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules and budget to GAAP reconciliation have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules and budget to GAAP reconciliation are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section (pages 1 through 10); other supplementary information (pages 85 through 128); other supplementary schedules (page 129 through 131) and statistical tables section (pages 133 through 152) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (pages 166 through 168), and is also not a required part of the basic financial statements. The other supplementary information, other supplementary schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical tables section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

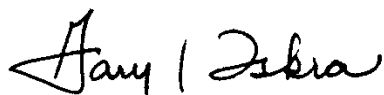
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards of Audits of Oregon Municipal Corporations*, we have issued our report dated December 23, 2015 on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report on pages 155 to 156 is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

ISLER CPA



By Gary Iskra, CPA, a member

Eugene, Oregon
December 23, 2015

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Management's Discussion and Analysis

The management of the City of Eugene, Oregon (City) presents this narrative overview to facilitate both a short and a long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2015. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report. Additional information outside the scope of this analysis can be found in the Letter of Transmittal.

Financial Highlights

This year, the City implemented significant new accounting rules for calculating and reporting the costs and obligations associated with pensions as required by the Governmental Accounting Standards Board (GASB). GASB Statements No. 68 and No. 71 require that the value of the City's pension asset (liability), related to pension promises to employees, be recorded in the financial statements. In past years the pension unfunded liability was simply reported in the Required Supplementary Information. The pension asset represents the difference between the value of the assets set aside to pay future benefits and the actuarial calculation of the cost of those benefits. This accounting rule change does not have any impact on the City's budget or funding for the Oregon Public Employee Retirement System (OPERS). The recording of the City's pension asset had the following impacts to the City's financials as of June 30, 2015:

Exhibit 1

The City has a net pension asset of \$30.5 million. The City and other jurisdictions in OPERS have net pension assets at this point in time because of strong past market returns for OPERS investments. Earnings on OPERS investments account for about 70% of its reserve, so a bad year would significantly impact our share of those assets. There will be annual fluctuations and the pension obligation could swing from an asset to a liability for a number of reasons.

The City reports deferred outflows of resources of \$12.1 million and deferred inflows of resources of \$60.0 million, both related to pensions. The OPERS measurement date is as of June 30, 2014, one year behind this report, so these elements represent timing differences. The outflows are City contributions made in FY15 to OPERS and the inflows primarily represent actual market returns that were in excess of OPERS projections for that year. The excess investment returns will be recognized over a five year period, whereas the City contributions will be recognized in FY16.

Exhibit 2

The effect of implementing the new pension rules is shown as an adjustment to beginning net position. There are two elements to this adjustment:

- The City recorded a change in accounting principle of \$110.2 million to reflect the cumulative impact of applying the new pension rules.
- The City also recorded an adjustment of \$19.2 million to allocate a portion of the Limited Tax Pension Bonds (pension bonds) to the City's Business-type Activities to reflect their share of the future obligation to repay the pension bonds. In addition, the City reallocated the internal balances between the Governmental activities and Business-type Activities based on the pension bond allocation.

Other highlights

- The City's total assets and deferred outflows of resources at June 30, 2015 increased \$0.7 million from \$996.6 million to \$997.3 million.
- The City's total liabilities and deferred inflows of resources increased \$53.1 million from \$145.7 million to \$198.8 million. The increase was primarily due the recognition of \$59.9 million in deferred inflows of resources related to pensions as part of implementing the new pension accounting rules.
- The net position of the City (assets less liabilities) at June 30, 2015 decreased \$52.3 million from \$850.9 million to \$798.6 million. The City's unrestricted portion of net position is \$50.7 million, which is split \$43.8 million and \$6.9 million for the City's governmental and business-type activities, respectively. The majority of the governmental activities portion of unrestricted net position is in the General Fund, Telecom Fund, and the Internal Service Funds.
- At June 30, 2015, the General Fund's fund balance was \$41.0 million, a decrease of \$2.0 million from the previous year. Of the General Fund's fund balance \$0.9 million is unassigned.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the City's basic financial statements and other required supplementary information. The City's basic financial statements comprise three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period. Examples of such items include earned, but uncollected property taxes, and earned, but unused compensated absences.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion of, their costs through user fees and charges (business-type activities).

The governmental activities of the City include the following:

- Central services
- Fire and emergency medical services
- Library, recreation, and cultural services
- Planning and development
- Police
- Public works

The business-type activities of the City include the following:

- Ambulance transport
- Municipal airport
- Parking services
- Stormwater utility
- Wastewater utility

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Urban Renewal Agency (URA) for which the City is financially accountable. Although legally separate, the URA's governing body is identical to the City's, and because the services of the URA are exclusively for the benefit of the City, it is included as an integral part of the primary government.

The government-wide financial statements can be found at Exhibits 1 and 2 in the basic financial statements.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to demonstrate transparency and ensure compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found at Exhibits 3 and 5 in the basic financial statements.

The City maintains 20 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report four major funds: General Fund, Community Development Special Revenue Fund, General Capital Projects Fund, and the Systems Development Capital Projects Fund. Data from the other 16 governmental funds are combined into a single, aggregated presentation. Summary fund data by fund-type for these nonmajor governmental funds is provided as other supplementary information in the form of combining statements at B-1 and B-2 of this report. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements at C-1, C-2, D-1, D-2, E-1, and E-2.

The City adopts an annual appropriated budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the General Fund and the Community Development Fund as required supplementary information at A-1 and A-2. Budgetary comparisons for all other governmental funds have been provided as other supplementary information at C-3 through C-11, D-3 through D-5, and E-3 through E-8.

The governmental fund financial statements can be found at Exhibits 3 and 4 in the basic financial statements.

Proprietary funds. Proprietary funds are used to account for activities where the emphasis is placed on net position. The City maintains two different types of proprietary funds – enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its ambulance transport, municipal airport, parking services, stormwater utility, and wastewater utility operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for engineering services, facilities services, fleet services, information systems and services, and risk and benefits management activities. Because internal service funds predominantly benefit governmental rather than business-type functions, their assets and liabilities have been included with the governmental activities in the government-wide financial statements.

The enterprise funds, all of which are considered to be major funds of the City, are reported separately as proprietary fund financial statements in the basic financial statements. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided as other supplementary information in the form of combining statements at G-1, G-2, and G-3.

The City adopts an annual appropriated budget for all proprietary funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the enterprise funds as other supplementary information at F-1 through F-5. Budgetary comparisons for the internal service funds are provided as other supplementary information at G-4 through G-8. The proprietary fund financial statements can be found at Exhibits 6, 7, and 8 in the basic financial statements.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons for the General Fund and Community Development Fund, information about the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees, and the budget to GAAP reconciliation schedule.

Other supplementary information. The combining statements and schedules referred to earlier and the schedules of property tax and bonded debt transactions follow the required supplementary information in this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial health. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$798.6 million at the close of the fiscal year ending June 30, 2015, a decrease of \$52.3 million.

City of Eugene's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Capital assets	\$ 432,274,656	435,945,705	245,767,377	242,024,310	678,042,033	677,970,015
Other assets and deferred outflows	271,162,348	272,512,465	48,143,457	46,125,924	319,305,805	318,638,389
Total assets and deferred outflows	703,437,004	708,458,170	293,910,834	288,150,234	997,347,838	996,608,404
Noncurrent liabilities	75,640,894	95,873,460	10,325,085	29,518	85,965,979	95,902,978
Other liabilities and deferred inflows	93,253,635	43,743,923	19,537,774	6,082,855	112,791,409	49,826,778
Total liabilities and deferred inflows	168,894,529	139,617,383	29,862,859	6,112,373	198,757,388	145,729,756
Net position:						
Net investment in capital assets	412,174,294	405,556,459	245,767,377	242,024,310	657,941,671	647,580,769
Restricted	78,549,692	81,004,461	11,391,051	13,220,650	89,940,743	94,225,111
Unrestricted	43,818,489	82,279,867	6,889,547	26,792,901	50,708,036	109,072,768
Total net position	\$ 534,542,475	568,840,787	264,047,975	282,037,861	798,590,450	850,878,648

The largest portion of the City's net position, \$657.9 million, is its investment in capital assets. The City's investment in capital assets is reported net of related debt. While an asset to the City, capital assets do not represent readily available resources to be used for ongoing operations or to liquidate existing liabilities.

The remaining portion of the City's net position consists of restricted and unrestricted resources. The restricted portion of the City's net position is \$89.9 million (11.2%) which represents resources that are subject to external restrictions as to how they may be used. This category decreased \$4.3 million in the fiscal year ending June 30, 2015. The City's unrestricted portion of net position is \$50.7 million, which is split \$43.8 million and \$6.9 million for the City's governmental and business-type activities, respectively. This category decreased \$58.4 million (-46.4%) in the current fiscal year as a result of applying the new pension accounting rules.

City of Eugene's Changes in Net Position

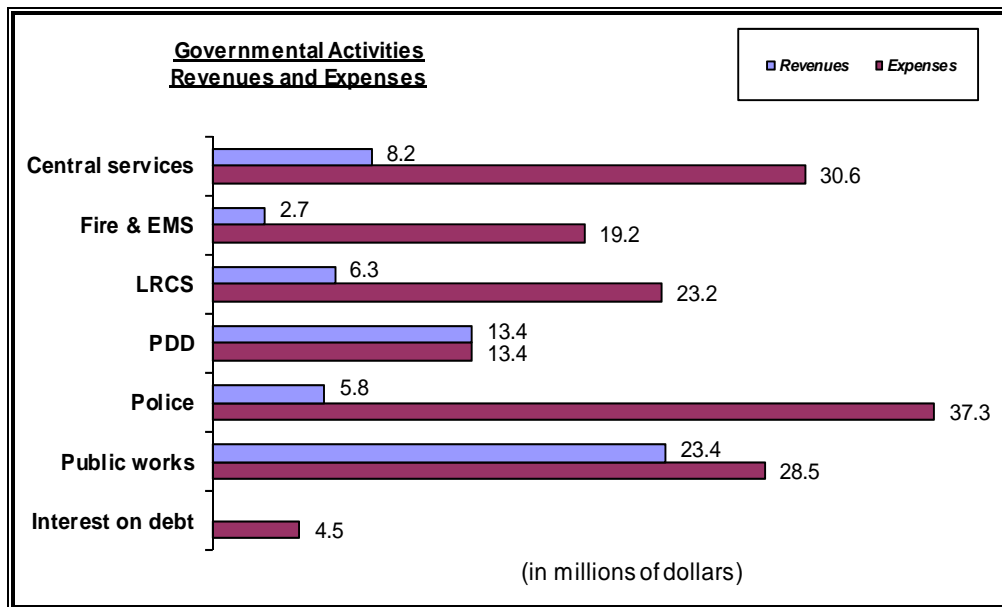
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Fees, fines, and charges for services	\$ 43,322,836	41,584,915	63,287,964	57,857,483	106,610,800	99,442,398
Operating grants and contributions	13,914,474	14,615,558	563,211	370,304	14,477,685	14,985,862
Capital grants and contributions	2,647,314	10,806,249	6,693,012	6,610,049	9,340,326	17,416,298
General revenues:						
Taxes	111,255,923	106,776,483	0	0	111,255,923	106,776,483
Grants and contributions not restricted to specific programs	4,095,171	3,938,301	0	0	4,095,171	3,938,301
Contributions in lieu of taxes	12,204,263	12,158,537	0	0	12,204,263	12,158,537
Franchise fees on telecom providers revenues	8,482,827	10,757,879	0	0	8,482,827	10,757,879
Unrestricted investment earnings	765,440	812,369	119,126	130,195	884,566	942,564
Total revenues	<u>196,688,248</u>	<u>201,450,291</u>	<u>70,663,313</u>	<u>64,968,031</u>	<u>267,351,561</u>	<u>266,418,322</u>
Direct expenses:						
Central services	30,648,110	28,238,422	0	0	30,648,110	28,238,422
Fire and emergency medical services	19,204,495	25,330,763	0	0	19,204,495	25,330,763
Library, recreation, and cultural services	23,232,540	25,547,182	0	0	23,232,540	25,547,182
Planning and development	13,403,633	18,573,636	0	0	13,403,633	18,573,636
Police	37,337,514	47,711,980	0	0	37,337,514	47,711,980
Public works	28,492,704	31,129,403	0	0	28,492,704	31,129,403
Interest on long-term debt	4,463,026	5,627,465	0	0	4,463,026	5,627,465
Ambulance transport	0	0	5,093,141	6,327,038	5,093,141	6,327,038
Municipal airport	0	0	11,003,962	12,248,263	11,003,962	12,248,263
Parking services	0	0	4,031,580	4,341,694	4,031,580	4,341,694
Stormwater utility	0	0	12,588,689	13,553,104	12,588,689	13,553,104
Wastewater utility	0	0	19,976,428	21,323,897	19,976,428	21,323,897
Total direct expenses	<u>156,782,022</u>	<u>182,158,851</u>	<u>52,693,800</u>	<u>57,793,996</u>	<u>209,475,822</u>	<u>239,952,847</u>
Indirect expense allocation*	<u>(3,534,000)</u>	<u>(3,658,000)</u>	<u>3,534,000</u>	<u>3,658,000</u>	<u>0</u>	<u>0</u>
Total expenses	<u>153,248,022</u>	<u>178,500,851</u>	<u>56,227,800</u>	<u>61,451,996</u>	<u>209,475,822</u>	<u>239,952,847</u>
Increase in net position before transfers	43,440,226	22,949,440	14,435,513	3,516,035	57,875,739	26,465,475
Transfers	2,202,900	2,070,154	(2,202,900)	(2,070,154)	0	0
Increase in net position after transfers	<u>45,643,126</u>	<u>25,019,594</u>	<u>12,232,613</u>	<u>1,445,881</u>	<u>57,875,739</u>	<u>26,465,475</u>
Net position July 1	568,840,787	543,821,193	282,037,861	280,591,980	850,878,648	824,413,173
Change in accounting principle (Note 5I)	(99,174,005)	0	(10,989,932)	0	(110,163,937)	0
Prior period adjustment (Note 5J)	19,232,567	0	(19,232,567)	0	0	0
Net position July 1, as restated	<u>488,899,349</u>	<u>543,821,193</u>	<u>251,815,362</u>	<u>280,591,980</u>	<u>740,714,711</u>	<u>824,413,173</u>
Net position June 30	\$ <u>534,542,475</u>	<u>568,840,787</u>	<u>264,047,975</u>	<u>282,037,861</u>	<u>798,590,450</u>	<u>850,878,648</u>

* The direct expenses above do not include the indirect expense allocation that is reported in the Statement of Activities (Exhibit 2).

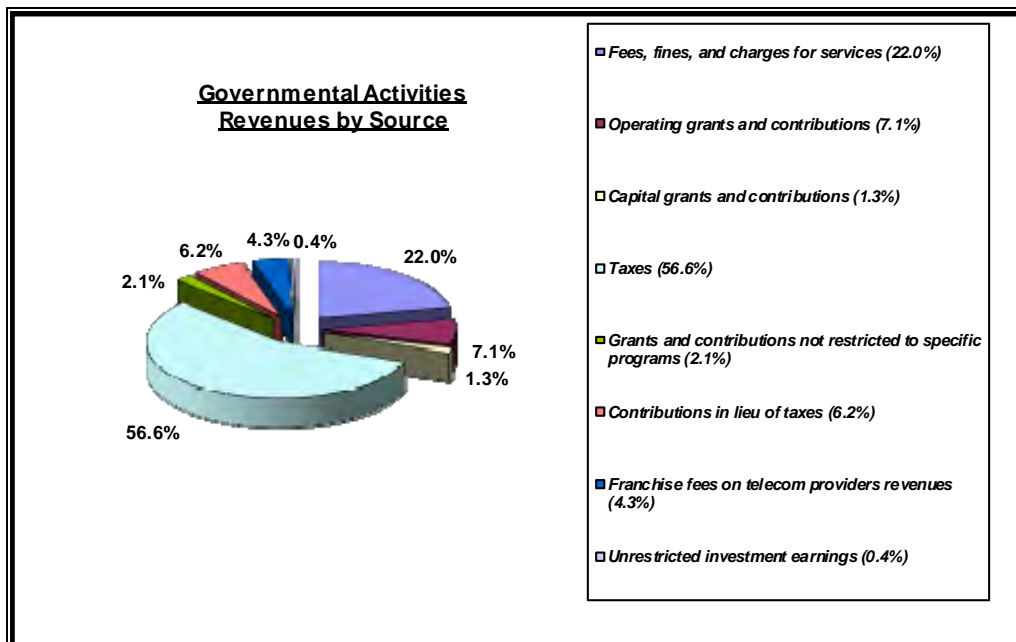
Governmental activities. The change in governmental activities before transfers increased by \$20.5 million. The increase was driven by:

- Revenues decreased by \$4.8 million, primarily due to a \$7.1 million decrease in program revenues, a \$2.3 million decrease in franchise fees on telecom providers, offset by a \$4.5 million increase in taxes.
- Direct expenses decreased by \$25.4 million in total, which was primarily due to the recognition of a \$22.8 million pension credit as the result of implementing the new pension accounting rules.

This next chart compares revenues and expenses for the individual governmental activities for the current year.



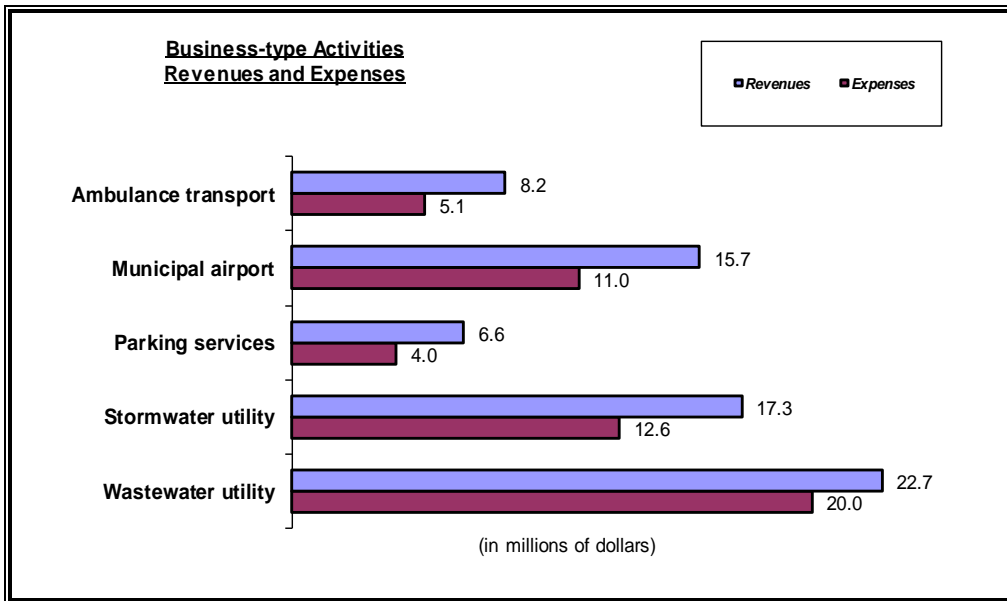
The next chart shows the percent of the total for each source of revenue supporting governmental activities. As the chart reflects, most governmental activities relied on taxes for support.



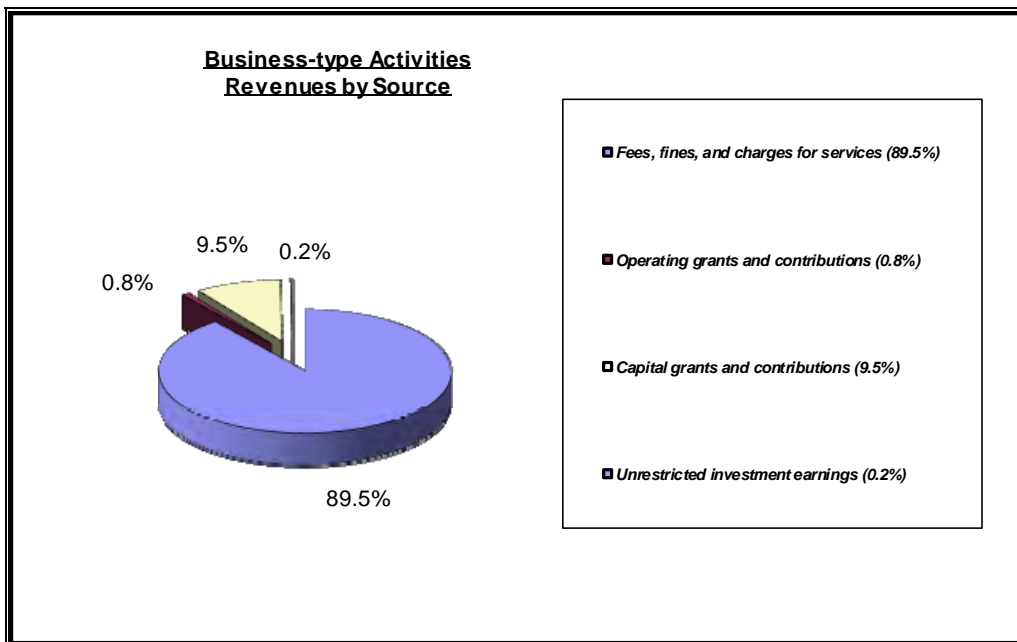
Business-type activities. The change in business-type activities, before transfers, increased \$10.9 million. The increase was driven by:

- Program revenues increased by \$5.7 million, primarily due to a \$5.4 million increase in fees, fines, and charges for services.
- Direct expenses decreased by \$5.1 million, which was primarily due to the recognition of a \$5.5 million pension credit as the result of implementing the new pension accounting rules.

The following chart compares revenues to expenses by individual business-type activity for the fiscal year. In comparison to governmental activities, business-type activities typically recover their costs through program revenues.



The chart below shows that 89.5% of revenues for business-type activities are generated from fees, fines, and charges for services. Capital grants and contributions were derived predominantly from grants from the Federal Aviation Administration and the donation of infrastructure stemming from the development of new residential areas



Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounted to \$678.0 million (net of accumulated depreciation). The investment in capital assets includes land, rights-of-way, construction in progress, buildings and equipment, improvements other than buildings (such as parks and park improvements), storm sewers and trunk sewers (stormwater and wastewater systems), and infrastructure (such as roads and sidewalks).

City of Eugene's Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 71,767,284	69,351,973	17,202,640	17,142,705	88,969,924	86,494,678
Construction in progress	10,783,059	5,113,254	9,003,215	3,209,382	19,786,274	8,322,636
Buildings and equipment	146,135,111	156,682,783	40,428,114	40,393,457	186,563,225	197,076,240
Improvements other than buildings	39,843,002	41,840,805	45,955,622	48,970,993	85,798,624	90,811,798
Storm sewers and trunk sewers	0	0	133,177,786	132,307,773	133,177,786	132,307,773
Infrastructure	163,746,200	162,956,890	0	0	163,746,200	162,956,890
	<u>\$ 432,274,656</u>	<u>435,945,705</u>	<u>245,767,377</u>	<u>242,024,310</u>	<u>678,042,033</u>	<u>677,970,015</u>

Major capital asset changes during the fiscal year include additions of \$12.4 million in street and sidewalk infrastructure and deletions of \$12.0 million in buildings primarily related to the disposal of the old City Hall.

Additional information on the City's capital assets can be found in the Notes to Basic Financial Statements (Note 4E).

Bonded Debt. At the end of the fiscal year, the City had total liabilities and deferred inflows of resources of \$198.8 million. Of this amount, \$83.4 million represented outstanding bonded indebtedness. Outstanding bonded debt included \$19.0 million in general obligation bonds to be serviced by general property taxes, \$0.3 million in limited tax improvement bonds to be serviced by payments from property owners benefitting from the improvements, and \$60.1 million in limited tax pension bonds to be repaid from existing revenue sources, all backed by the full faith and credit of the City. The remainder of the City's bonded debt includes \$0.6 million in certificates of participation serviced by specific fund revenues and \$3.3 million in tax increment bonds to be repaid from tax increment revenues.

City of Eugene's Bonded Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 18,990,300	23,245,000	0	0	18,990,300	23,245,000
Certificates of participation	570,000	735,000	0	0	570,000	735,000
Limited tax bonds	49,893,214	61,975,597	10,489,166	0	60,382,380	61,975,597
Tax increment bonds	3,300,000	5,135,000	0	0	3,300,000	5,135,000
Deferred amounts	154,306	215,256	(13,865)	0	140,441	215,256
	<u>\$ 72,907,820</u>	<u>91,305,853</u>	<u>10,475,301</u>	<u>0</u>	<u>83,383,121</u>	<u>91,305,853</u>

The City's bonded debt decreased \$7.9 million during the year as the result of debt service payments.

Moody's Investors Service rates the City's publicly offered bond issues. The City's most recent ratings from Moody's are as follows:

- Aa1 for general obligation bonds (November 2011) with the following exceptions:
 - The General Obligation Refunding Bonds, Series 2006, are insured by Ambac Assurance and were rated Aaa at issuance. Subsequent to issuance, Ambac Assurance was downgraded by Moody's Investors Service to Caa2. In April 2011, Ambac Assurance severed their relationship with Moody's requesting that Ambac ratings be withdrawn. Moody's ratings on securities insured by Ambac will be maintained at the published underlying rating, or Aa1.
- Aa2 for the Atrium full faith and credit obligations.

- The Oregon Local Governments Limited Tax Pension Obligations, Series 2002, are insured by Ambac Assurance and were rated Aaa at issuance. Subsequent to issuance, Ambac Assurance was downgraded by Moody's Investors Service to Caa2. In January 2014, Moody's Investors Service downgraded the underlying rating on Oregon Local Governments Limited Tax Pension Obligations, Series 2002 to A3 from Aa3 in conjunction with a rating methodology change related to pool financings. In April 2011, Ambac Assurance severed their relationship with Moody's requesting that Ambac ratings be withdrawn. Moody's ratings on securities insured by Ambac will be maintained at the published underlying rating, or Aa3. The pension obligations were issued as one offering for certain Oregon cities, counties, and special districts. The City of Eugene's share of the total pension obligations on which the rating was based is 29.7%.

Under Oregon Revised Statutes, general obligation debt issues are limited to 3.0% of the real market value of all taxable property within the City's boundaries. The \$19.0 million in general obligation debt applicable to this limit is well below the \$656.0 million ceiling. The City's net direct general obligation bonded debt per capita is \$116.

Additional information on the City's bonded debt can be found in the Notes to Basic Financial Statements (Note 4H).

Fund-based Financial Analysis

As previously discussed, the City uses fund accounting to demonstrate transparency and ensure compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's requirements for funding day-to-day operations. Significant issues regarding the governmental funds are listed below.

As of the end of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$128.7 million, an increase of \$4.9 million in comparison to the prior year. \$3.8 million of the fund balance is nonspendable because it consists of the following: 1) prepaid expenditures, 2) debt service, 3) inventories, and 4) assets held for resale. The remaining \$125.0 million of fund balance was classified as follows.

- \$54.9 million was restricted due to external limits on how the resources may be used.
- \$14.3 million was committed as a result of specific constraints placed on the use of the resources per City ordinance.
- \$54.8 million was assigned per City Council's intent to use these resources for a specific purpose: unappropriated ending fund balance, reserve for revenue shortfall, balancing the next year's budget, and uncompleted capital projects are the primary components.
- \$0.9 million was unassigned and is available to be used at the government's discretion, subject to fund limitations.

The fund balance of the City's General Fund decreased \$2.0 million from \$43.0 million to \$41.0 million during the current fiscal year. The decrease in fund balance was primarily the result of a budget strategy to continue services by using reserves. The result was a \$6.7 million increase in expenditures by departments, which was partially offset by a \$3.8 million increase in property tax revenues.

The fund balance in the Community Development Fund increased \$0.1 million from \$3.6 million to \$3.7 million during the fiscal year. The increase was in part due to a \$2.0 million increase in revolving loan repayments and a \$1.8 million increase in community development loans.

The fund balance in the General Capital Projects Fund increased \$1.2 million from \$15.9 million to \$17.1 million during the fiscal year. The increase in fund balance was primarily the result of \$6.8 million in transfers from the General Fund for capital projects, which included \$2.4 million for the City Hall project.

The fund balance in the Systems Development Capital Projects Fund increased \$3.9 million from \$17.0 million to \$20.9 million during the fiscal year. The increase was primarily due to the accumulation of resources for future park developments.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position and its percent to total net position of each proprietary fund are as follows:

Fund Name	Unrestricted Net Position	Percent of Total Net Position
Ambulance Transport	\$ (1.6) million	(66.2)%
Municipal Airport	1.5 million	59.6 %
Parking Services	0.2 million	9.8 %
Stormwater Utility	3.0 million	125.0 %
Wastewater Utility	(0.7) million	(28.2)%

Total business-type net position (excluding the consolidation of internal service fund activities) decreased \$11.3 million in the fiscal year. The decrease in net position was due to an \$11.0 million change in accounting principle as a result of implementing the new pension rules and a \$10.8 million prior period adjustment to allocate a portion of the Limited Tax Pension Bonds to the Business-type Activities. The decrease in net position was offset by \$6.1 million in operating income and \$6.9 million in capital contributions.

Significant issues regarding proprietary funds are as follows:

- Although the Ambulance Transport Fund had a positive change in net position as of June 30, 2015, the recognition of prior period pension costs and a share of the pension bonds generated a net deficit of \$0.8 million.
- The Municipal Airport Fund reported a \$2.4 million increase in grant revenues for capital projects.

Other factors concerning the finances of proprietary funds can be found in the previous discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's final General Fund budget differs from the original budget in that it contains carry-forward appropriations for various programs and projects, and supplemental appropriations approved during FY 2015. As a result, the final fiscal year 2015 budget for the General Fund increased by \$10.0 million. The primary reasons for this increase were as follows:

- \$2.4 million in transfers for the City Hall project
- \$2.0 million in program reappropriations
- \$1.5 million in contractual obligations to vendors
- \$1.1 million in infrastructure and system requirements
- \$0.6 million for police personnel costs as result of union arbitration
- \$0.5 million in transfers for capital preservation projects
- \$1.9 million for one-time funding requests

These changes were partially funded by increases of \$0.8 million in intergovernmental revenues (grant funding) and \$1.2 million in charges for services. The remaining funding of \$8.0 million is from unspent resources from the prior fiscal year.

The difference between the budget and actual FY15 results is recorded as an adjustment to budgeted FY16 Beginning Working Capital (BWC). The FY16 BWC adjustment is a decrease of \$0.2 million. This means that the aggregated beginning resources for FY16 were over-estimated by that amount when the budget was prepared in early 2015.

Economic Factors and Next Year's Budgets and Rates

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FY16 budget:

- Property tax revenue is expected to increase 4.0% in FY16.
- Salaries for non-represented employees and employees covered under collective bargaining agreements will increase 2.0% – 3.0%.
- Health benefit rates will increase by 7.0%.
- Retirement costs are expected to range from 22.05% to 29.5% of payroll, depending on which pension plan the employee participates in.
- Interest rates on investments will be 0.75%.

Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Fionan Cronin, CPA
Assistant Finance Director
City of Eugene
100 West 10th Avenue, Suite 400
Eugene, Oregon 97401

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BASIC FINANCIAL STATEMENTS

Statement of Net Position

June 30, 2015

(amounts in dollars)

	Governmental	Business-type	
<u>Assets</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<u>Current assets</u>			
Equity in pooled cash and investments	194,549,241	24,547,654	219,096,895
Cash with fiscal agent	181,815	0	181,815
Receivables (net of allowance)	36,551,136	6,503,345	43,054,481
Internal balances	(4,455,512)	4,455,512	0
Due from other governments	5,561,498	3,156,301	8,717,799
Inventories	1,412,604	504,491	1,917,095
Prepays and deposits	1,267,330	62,992	1,330,322
Assets held for resale	1,851,966	0	1,851,966
Total current assets	236,920,078	39,230,295	276,150,373
<u>Noncurrent assets</u>			
Loans and notes receivable	0	552,243	552,243
Net pension asset	24,480,008	6,024,725	30,504,733
Capital assets:			
Land and construction in progress	82,550,343	26,205,855	108,756,198
Other capital assets (net of accumulated depreciation)	349,724,313	219,561,522	569,285,835
Total noncurrent assets	456,754,664	252,344,345	709,099,009
<u>Deferred outflows of resources</u>			
Related to pensions	9,762,262	2,336,194	12,098,456
Total deferred outflows of resources	9,762,262	2,336,194	12,098,456
Total assets and deferred outflows of resources	703,437,004	293,910,834	997,347,838
<u>Liabilities</u>			
<u>Current liabilities</u>			
Accounts payable	4,507,048	1,511,439	6,018,487
Wages payable	5,749,543	1,391,467	7,141,010
Compensated absences payable	8,958,365	1,963,016	10,921,381
Due to other governments	1,542,365	1,487,816	3,030,181
Notes and contracts payable	210,000	0	210,000
Claims payable	12,172,588	0	12,172,588
Deposits	1,911,395	736,435	2,647,830
Interest payable	305,666	48,234	353,900
Unearned revenue	3,249,615	659,794	3,909,409
Bonds payable	6,323,162	175,249	6,498,411
Total current liabilities	44,929,747	7,973,450	52,903,197
<u>Noncurrent liabilities</u>			
Compensated absences payable	138,112	25,033	163,145
Notes and contracts payable	5,868,000	0	5,868,000
General obligation bond and revolving credit facility	2,710,300	0	2,710,300
Bonds payable (net of unamortized discount/premium)	63,874,358	10,300,052	74,174,410
Net OPEB obligation	3,050,124	0	3,050,124
Total noncurrent liabilities	75,640,894	10,325,085	85,965,979
<u>Deferred inflows of resources</u>			
Related to pensions	48,323,888	11,564,324	59,888,212
Total deferred inflows of resources	48,323,888	11,564,324	59,888,212
Total liabilities and deferred inflows of resources	168,894,529	29,862,859	198,757,388
<u>Net position</u>			
Net investment in capital assets	412,174,294	245,767,377	657,941,671
Restricted for:			
Capital projects	39,587,714	11,391,051	50,978,765
Debt service	2,260,458	0	2,260,458
Community development	14,882,218	0	14,882,218
Urban renewal	14,035,835	0	14,035,835
Other purposes	7,783,467	0	7,783,467
Unrestricted	43,818,489	6,889,547	50,708,036
Total net position	534,542,475	264,047,975	798,590,450

The accompanying notes are an integral part of the financial statements.

Statement of Activities

For the fiscal year ended June 30, 2015

(amounts in dollars)

	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Direct Expenses	Indirect Expenses Allocation	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs								
Governmental activities:								
Central services	30,648,110	(20,631,419)	8,016,986	133,564	67,643	(1,798,498)	0	(1,798,498)
Fire and emergency medical services	19,204,495	3,847,286	2,728,193	17,102	0	(20,306,486)	0	(20,306,486)
Library, recreation, and cultural services	23,232,540	3,075,305	5,973,060	306,982	0	(20,027,803)	0	(20,027,803)
Planning and development	13,403,633	1,541,928	10,876,148	2,569,985	95	(1,499,333)	0	(1,499,333)
Police	37,337,514	6,838,315	4,533,377	1,294,594	0	(38,347,858)	0	(38,347,858)
Public works	28,492,704	1,794,585	11,195,072	9,592,247	2,579,576	(6,920,394)	0	(6,920,394)
Interest on long term debt	4,463,026	0	0	0	0	(4,463,026)	0	(4,463,026)
Total governmental activities	156,782,022	(3,534,000)	43,322,836	13,914,474	2,647,314	(93,363,398)	0	(93,363,398)
Business-type activities:								
Ambulance transport	5,093,141	573,000	7,798,119	377,714	0	0	2,509,692	2,509,692
Municipal airport	11,003,962	508,000	9,440,676	0	6,308,283	0	4,236,997	4,236,997
Parking services	4,031,580	226,000	6,644,111	0	0	0	2,386,531	2,386,531
Stormwater utility	12,588,689	870,000	16,943,260	185,497	133,949	0	3,804,017	3,804,017
Wastewater utility	19,976,428	1,357,000	22,461,798	0	250,780	0	1,379,150	1,379,150
Total business-type activities	52,693,800	3,534,000	63,287,964	563,211	6,693,012	0	14,316,387	14,316,387
Total activities	209,475,822	0	106,610,800	14,477,685	9,340,326	(93,363,398)	14,316,387	(79,047,011)
General revenues:								
Property taxes						106,096,214	0	106,096,214
Transient room tax						2,162,751	0	2,162,751
Local motor vehicle fuel tax						2,996,958	0	2,996,958
Contributions in lieu of taxes						12,204,263	0	12,204,263
Franchise fees on telecom provider's revenues						8,482,827	0	8,482,827
Grants and contributions not restricted to specific programs						4,095,171	0	4,095,171
Unrestricted investment earnings						765,440	119,126	884,566
Transfers						2,202,900	(2,202,900)	0
Total general revenues and transfers						139,006,524	(2,083,774)	136,922,750
Change in net position						45,643,126	12,232,613	57,875,739
Net position, July 1, 2014						568,840,787	282,037,861	850,878,648
Change in accounting principle (Note 5I)						(99,174,005)	(10,989,932)	(110,163,937)
Prior period adjustment (Note 5J)						19,232,567	(19,232,567)	0
Net position, July 1, 2014, as restated						488,899,349	251,815,362	740,714,711
Net position, June 30, 2015						534,542,475	264,047,975	798,590,450

The accompanying notes are an integral part of the financial statements.

Balance Sheet

Governmental Funds

June 30, 2015

(amounts in dollars)

	General	Community Development	General Capital Projects	Systems Development Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in pooled cash and investments	46,389,405	3,492,300	17,383,983	20,999,954	43,836,750	132,102,392
Cash with fiscal agent	0	181,815	0	0	0	181,815
Receivables:						
Interest	1,707,742	31,390	0	0	300,029	2,039,161
Taxes	6,950,022	0	0	0	1,249,315	8,199,337
Accounts	2,472,542	18,036	1,694	1,765,479	1,010,863	5,268,614
Assessments	0	0	0	0	460,316	460,316
Loans and notes	238,938	18,161,125	0	5,124	2,642,352	21,047,539
Allowance for uncollectibles	(1,024)	(17,243)	0	0	(147,183)	(165,450)
Due from other governments	2,147,230	257,936	0	0	2,544,370	4,949,536
Inventories	0	0	0	0	950,343	950,343
Prepays and deposits	837,243	0	0	0	52,801	890,044
Assets held for resale	0	0	0	0	1,851,966	1,851,966
Total assets	60,742,098	22,125,359	17,385,677	22,770,557	54,751,922	177,775,613
Liabilities						
Accounts payable	1,564,179	108,453	240,485	171,784	1,766,857	3,851,758
Wages payable	4,444,660	26,515	0	7,942	591,452	5,070,569
Due to other governments	786,839	107,206	734	6,100	380,606	1,281,485
Deposits	713,972	0	0	0	1,117,066	1,831,038
Unearned revenue	2,773,746	134,041	0	0	285,940	3,193,727
Total liabilities	10,283,396	376,215	241,219	185,826	4,141,921	15,228,577
Deferred inflows of resources						
Unavailable revenue	9,425,088	18,097,212	0	1,699,932	4,625,143	33,847,375
Total deferred inflows of resources	9,425,088	18,097,212	0	1,699,932	4,625,143	33,847,375
Fund balances						
Nonspendable	837,243	0	0	0	2,935,110	3,772,353
Restricted	1,107,064	3,651,932	542,285	20,884,799	28,755,758	54,941,838
Committed	0	0	0	0	14,293,990	14,293,990
Assigned	38,188,164	0	16,602,173	0	0	54,790,337
Unassigned	901,143	0	0	0	0	901,143
Total fund balances	41,033,614	3,651,932	17,144,458	20,884,799	45,984,858	128,699,661
Total liabilities, deferred inflows of resources, and fund balances	60,742,098	22,125,359	17,385,677	22,770,557	54,751,922	

Reconciliation to the Statement of Net Position:

The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are deferred in governmental funds.	33,058,400
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.	409,853,081
All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in governmental funds.	(76,421,080)
Net pension asset (liability) and deferred inflows and outflows of resources related to pensions are reported in the Statement of Net Position. These items represent a consumption or acquisition of net position that applies to future periods.	(12,630,074)
Internal service funds are proprietary funds and not reported with governmental funds. However, because internal service funds primarily benefit governmental activities, their assets, liabilities, and net position are reported along with governmental activities in the Statement of Net position.	51,982,487
Net position of governmental activities	534,542,475

The accompanying notes are an integral part of the financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances*Governmental Funds*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	General	Community Development	General Capital Projects	Systems Development Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	102,866,020	0	0	0	20,191,029	123,057,049
Licenses and permits	6,091,361	0	0	0	9,359,895	15,451,256
Intergovernmental	4,945,367	2,178,168	0	0	10,928,750	18,052,285
Rental income	114,574	0	14,257	131,751	250,032	510,614
Charges for services	11,679,426	13,979	0	6,055,062	5,850,918	23,599,385
Fines and forfeits	2,386,546	0	0	0	42,789	2,429,335
Special assessments	0	0	0	0	120,081	120,081
Repayment of revolving loans	0	3,594,095	0	0	780,832	4,374,927
Miscellaneous	594,131	332,745	4,211,771	166,444	829,512	6,134,603
Total revenues	128,677,425	6,118,987	4,226,028	6,353,257	48,353,838	193,729,535
Expenditures						
Current - departmental:						
Central services	14,777,752	140,000	0	34,000	4,675,099	19,626,851
Fire and emergency medical services	25,998,263	0	0	0	274,796	26,273,059
Library, recreation, and cultural services	25,738,184	0	0	0	230,846	25,969,030
Planning and development	5,354,296	4,279,207	0	80,380	6,035,374	15,749,257
Police	48,134,750	0	0	0	2,720,251	50,855,001
Public works	5,468,723	0	0	330,961	10,874,616	16,674,300
Debt service:						
Principal	0	1,561,000	0	0	14,878,017	16,439,017
Interest	0	33,224	0	0	1,057,841	1,091,065
Issuance costs	0	0	5,106	0	3,682	8,788
Capital outlay	0	55,483	11,645,861	2,034,025	12,076,691	25,812,060
Intergovernmental	34,708	0	0	0	201,443	236,151
Total expenditures	125,506,676	6,068,914	11,650,967	2,479,366	53,028,656	198,734,579
Excess (deficiency) of revenues over expenditures	3,170,749	50,073	(7,424,939)	3,873,891	(4,674,818)	(5,005,044)
Other financing sources (uses)						
Proceeds of debt issuance	0	0	1,900,000	0	6,800,000	8,700,000
Transfers in	2,538,131	0	6,762,857	0	444,105	9,745,093
Transfers out	(7,643,328)	0	0	0	(878,037)	(8,521,365)
Total other financing sources (uses)	(5,105,197)	0	8,662,857	0	6,366,068	9,923,728
Net change in fund balances	(1,934,448)	50,073	1,237,918	3,873,891	1,691,250	4,918,684
Fund balances, July 1, 2014	42,968,062	3,601,859	15,906,540	17,010,908	44,293,608	123,780,977
Fund balances, June 30, 2015	41,033,614	3,651,932	17,144,458	20,884,799	45,984,858	128,699,661

The accompanying notes are an integral part of the financial statements.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the fiscal year ended June 30, 2015

(amounts in dollars)

Net change in fund balances - total governmental funds	4,918,684
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.	(758,083)
Donations of capital assets are reported as capital contributions in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources. In addition, the Statement of Activities reports gains and losses arising from the disposal of existing capital assets, while governmental funds do not.	(8,939,125)
Governmental funds do not report expenditures for unpaid compensated absences, net pension asset (liability), interest expense, or arbitrage since they do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs.	29,669,904
Capital outlay is reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlays over their estimated useful lives as depreciation expense.	6,799,010
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Position.	7,739,018
Transfers of capital assets are often made between proprietary funds and governmental funds when the use of an asset changes. Transfers of liabilities are sometimes made between proprietary funds and governmental funds when the fund responsible for repayment changes. Such transfers will provide or use economic resources in proprietary funds, but may not necessarily provide or use spendable financial resources in governmental funds.	(648,369)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, facilities, and fleet services to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.	(1,581,562)
Internal service fund elimination prior period adjustment (Note 5J)	8,443,649
Change in net position of governmental activities	<u><u>45,643,126</u></u>

The accompanying notes are an integral part of the financial statements.

Statement of Fund Net Position

Proprietary Funds

June 30, 2015

(amounts in dollars)

	Business-type Activities Enterprise Funds					Total Internal Service Funds
	Ambulance Transport	Municipal Airport	Parking Services	Stormwater Utility	Wastewater Utility	
Assets						
Current assets						
Equity in pooled cash and investments	271,975	14,904,663	760,528	4,758,039	3,852,449	62,446,849
Receivables:						
Accounts	2,133,568	755,109	414,701	2,022,683	1,847,726	501,201
Allowance for uncollectibles	(404,125)	(118,070)	(134,327)	(7,960)	(5,960)	(10,607)
Due from other governments	32,915	1,208,062	98,830	192,860	1,623,634	611,962
Inventories	0	0	39,598	0	464,893	462,261
Prepays and deposits	0	0	1,528	13,027	48,437	377,286
Total current assets	2,034,333	16,749,764	1,180,858	6,978,649	7,831,179	64,388,952
Noncurrent assets						
Loans and notes receivable	0	0	0	541,239	11,004	0
Net pension asset	1,161,863	690,904	147,115	1,742,716	2,282,127	2,830,437
Capital assets:						
Land	0	6,502,960	2,130,235	7,146,208	1,423,237	455,834
Improvements other than buildings	379,107	100,673,055	1,005,967	4,879,506	2,368,471	51,913
Trunk sewers	0	339,320	0	1,332,955	161,474,696	0
Storm sewers	0	738,060	0	64,474,822	2,254,682	0
Buildings and equipment	1,160,544	41,520,090	29,208,126	1,316,948	1,328,975	52,654,945
Construction in progress	0	7,935,339	28,163	765,199	274,514	483,643
Accumulated depreciation	(698,500)	(77,118,616)	(16,809,937)	(20,450,500)	(79,816,249)	(31,224,760)
Total noncurrent assets	2,003,014	81,281,112	15,709,669	61,749,093	91,601,457	25,252,012
Deferred outflows of resources						
Related to pensions	457,094	342,004	83,390	602,926	850,780	1,084,027
Total deferred outflows of resources	457,094	342,004	83,390	602,926	850,780	1,084,027
Total assets and deferred outflows of resources	4,494,441	98,372,880	16,973,917	69,330,668	100,283,416	90,724,991

continued

Exhibit 6, continued

	Business-type Activities Enterprise Funds					Total Internal Service Funds
	Ambulance Transport	Municipal Airport	Parking Services	Stormwater Utility	Wastewater Utility	
<u>Liabilities</u>						
<u>Current liabilities</u>						
Accounts payable	29,518	822,554	111,968	304,416	242,983	1,511,439
Wages payable	251,119	208,676	50,713	346,861	534,098	1,391,467
Compensated absences payable	294,458	359,995	65,338	508,425	734,800	1,963,016
Due to other governments	9,971	42,726	1,491	33,123	1,400,505	1,487,816
Claims payable	0	0	0	0	0	0
Deposits	0	5,269	11,200	522	719,444	736,435
Interest payable	9,023	8,134	2,041	11,529	17,507	48,234
Unearned revenue	444,854	30,921	57,271	126,748	0	659,794
Certificates of participation payable	0	0	0	0	0	0
Bonds payable	32,826	29,622	7,440	41,796	63,565	175,249
Total current liabilities	1,071,769	1,507,897	307,462	1,373,420	3,712,902	7,973,450
<u>Noncurrent liabilities</u>						
Compensated absences payable	0	0	15,526	9,507	0	25,033
Certificates of participation payable	0	0	0	0	0	0
Bonds payable (net of unamortized discount/premium)	1,929,298	1,740,985	437,246	2,456,554	3,735,969	10,300,052
Net OPEB obligation	0	0	0	0	0	0
Total noncurrent liabilities	1,929,298	1,740,985	452,772	2,466,061	3,735,969	10,325,085
<u>Deferred inflows of resources</u>						
Related to pensions	2,262,646	1,692,944	412,789	2,984,525	4,211,420	11,564,324
Total deferred inflows of resources	2,262,646	1,692,944	412,789	2,984,525	4,211,420	11,564,324
Total liabilities and deferred inflows of resources	5,263,713	4,941,826	1,173,023	6,824,006	11,660,291	29,862,859
<u>Net position</u>						
Net investment in capital assets	841,151	80,590,208	15,562,554	59,465,138	89,308,326	245,767,377
Restricted for capital projects	0	11,391,051	0	0	0	11,391,051
Unrestricted	(1,610,423)	1,449,795	238,340	3,041,524	(685,201)	2,434,035
Total net position	(769,272)	93,431,054	15,800,894	62,506,662	88,623,125	259,592,463
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						4,455,512
Net position of business-type activities						<u>264,047,975</u>

The accompanying notes are an integral part of the financial statements.

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Statement of Revenues, Expenses, and Changes in Fund Net Position*Proprietary Funds*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	Business-type Activities Enterprise Funds						Governmental Activities
	Ambulance Transport	Municipal Airport	Parking Services	Stormwater Utility	Wastewater Utility	Totals	Total Internal Service Funds
<u>Operating revenues</u>							
Licenses and permits	0	0	0	118,960	0	118,960	0
Rental income	0	3,711,608	565,624	22,227	16,234	4,315,693	567,465
Charges for services	7,664,189	5,714,863	4,553,260	16,751,300	22,410,712	57,094,324	63,414,858
Fines and forfeits	0	3,043	1,518,351	3,960	2,750	1,528,104	0
Miscellaneous	133,930	11,162	6,876	46,813	32,102	230,883	176,425
Total operating revenues	7,798,119	9,440,676	6,644,111	16,943,260	22,461,798	63,287,964	64,158,748
<u>Operating expenses</u>							
Personnel services	4,203,624	4,229,446	1,135,245	7,231,521	10,337,708	27,137,544	13,250,516
Contractual services	260,177	1,062,807	983,820	2,701,711	1,933,996	6,942,511	3,617,123
Materials and supplies	805,292	750,021	87,269	609,717	2,912,837	5,165,136	4,323,021
Maintenance	759,364	403,645	930,590	1,773,127	1,749,744	5,616,470	2,073,420
Utilities	61,737	514,822	351,991	93,853	1,062,881	2,085,284	2,892,799
Rent	66	5,825	17,700	49,580	41,405	114,576	430,035
Taxes	0	0	41,462	0	0	41,462	386
Insurance	29,903	130,973	94,917	54,084	137,408	447,285	3,240,975
Claims	0	0	0	0	0	0	24,310,777
Central business functions	573,000	508,000	226,000	870,000	1,357,000	3,534,000	1,622,000
Depreciation	49,174	4,816,964	800,338	1,844,935	3,971,769	11,483,180	3,740,800
Pension expense	(1,054,973)	(788,013)	(192,159)	(1,389,878)	(1,960,852)	(5,385,875)	(2,497,966)
Total operating expenses	5,687,364	11,634,490	4,477,173	13,838,650	21,543,896	57,181,573	57,003,886
Operating income (loss)	2,110,755	(2,193,814)	2,166,938	3,104,610	917,902	6,106,391	7,154,862
<u>Nonoperating revenues (expenses)</u>							
Interest revenue	0	66,605	1,564	25,967	24,990	119,126	321,285
Interest expense	(134,976)	(116,731)	(28,240)	(197,849)	(283,707)	(761,503)	(797,974)
Gain (loss) on sale of capital assets	0	0	0	0	(6,846)	(6,846)	137,684
Intergovernmental	377,714	0	0	185,497	0	563,211	140,812
Total nonoperating revenues (expenses)	242,738	(50,126)	(26,676)	13,615	(265,563)	(86,012)	(198,193)
Income (loss) before capital contributions and transfers	2,353,493	(2,243,940)	2,140,262	3,118,225	652,339	6,020,379	6,956,669
Capital contributions	0	6,308,283	0	380,873	250,780	6,939,936	407,870
Transfers in	0	0	0	0	260,570	260,570	1,714,263
Transfers out	(568,767)	(139,277)	(1,714,100)	(135,000)	(153,250)	(2,710,394)	(494,593)
Change in net position	1,784,726	3,925,066	426,162	3,364,098	1,010,439	10,510,491	8,584,209
Total net position, July 1, 2014	1,631,369	93,125,344	16,291,524	64,369,827	95,442,758		54,447,907
Change in accounting principle (Note 5I)	(2,167,181)	(1,799,934)	(460,223)	(2,648,434)	(3,914,160)		(5,064,599)
Prior period adjustment (Note 5J)	(2,018,186)	(1,819,422)	(456,569)	(2,578,829)	(3,915,912)		(1,529,518)
Total net position, July 1, 2014, as restated	(2,553,998)	89,505,988	15,374,732	59,142,564	87,612,686		47,853,790
Total net position, June 30, 2015	(769,272)	93,431,054	15,800,894	62,506,662	88,623,125		56,437,999
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						1,722,122	
Change in net position of business-type activities						<u>12,232,613</u>	

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

Proprietary Funds

For the fiscal year ended June 30, 2015

(amounts in dollars)

	Business-type Activities Enterprise Funds					Totals	Governmental Activities	Total Internal Service Funds
	Ambulance Transport	Municipal Airport	Parking Services	Stormwater Utility	Wastewater Utility			
<u>Cash flows from operating activities</u>								
Cash received from customers	7,955,820	9,517,628	6,622,951	16,318,368	44,668,948	85,083,715	15,560,564	
Cash received from interfund services provided	0	0	0	0	0	0	48,417,095	
Cash received from MVMC for operating reimbursements	0	0	0	0	436,225	436,225	0	
Cash paid to MVMC for sewer user and septic hauler fees collected	0	0	0	0	(21,609,265)	(21,609,265)	0	
Cash paid to suppliers for goods and services	(1,189,638)	(1,512,466)	(1,649,113)	(2,907,952)	(6,136,784)	(13,395,953)	(40,114,269)	
Cash paid to employees for services	(4,073,095)	(3,746,075)	(916,964)	(6,247,256)	(9,013,900)	(23,997,290)	(11,802,677)	
Cash paid for interfund services used	(1,403,914)	(1,474,455)	(1,319,729)	(3,691,838)	(3,924,870)	(11,814,806)	(4,973,363)	
Cash paid for central business functions	(573,000)	(508,000)	(226,000)	(870,000)	(1,357,000)	(3,534,000)	(1,622,000)	
Net cash provided by (used for) operating activities	716,173	2,276,632	2,511,145	2,601,322	3,063,354	11,168,626	5,465,350	
<u>Cash flows from noncapital financing activities</u>								
Transfers in	0	0	0	0	0	0	1,362,000	
Transfers out	(374,031)	0	(1,714,100)	(135,000)	(135,000)	(2,358,131)	(234,023)	
Principal payments on pension bonds	(77,722)	(67,218)	(16,261)	(113,926)	(163,366)	(438,493)	(436,451)	
Interest payments on pension bonds	(104,292)	(90,195)	(21,820)	(152,873)	(219,212)	(588,392)	(585,656)	
Subsidy from grant	377,714	0	0	185,497	0	563,211	140,812	
Net cash provided by (used for) noncapital financing activities	(178,331)	(157,413)	(1,752,181)	(216,302)	(517,578)	(2,821,805)	246,682	
<u>Cash flows from capital and related financing activities</u>								
Principal payments on notes, bonds, and certificates	0	0	0	0	0	0	(165,000)	
Interest payments on notes, bonds, and certificates	0	0	0	0	0	0	(40,770)	
Contributions from other funds and governments	0	5,475,804	0	56,515	0	5,532,319	0	
Proceeds from sale of capital assets	0	0	0	0	0	0	264,899	
Acquisition and construction of capital assets	(265,867)	(9,310,619)	0	(3,648,623)	(1,524,540)	(14,749,649)	(2,724,825)	
Net cash provided by (used for) capital and related financing activities	(265,867)	(3,834,815)	0	(3,592,108)	(1,524,540)	(9,217,330)	(2,665,696)	
<u>Cash flows from investing activities</u>								
Interest revenue	0	66,605	1,564	25,967	24,990	119,126	321,285	
Repayment of loans and notes receivable	0	12,800	0	0	0	12,800	0	
Net cash provided by (used for) investing activities	0	79,405	1,564	25,967	24,990	131,926	321,285	
Net increase (decrease) in cash	271,975	(1,636,191)	760,528	(1,181,121)	1,046,226	(738,583)	3,367,621	
Cash, July 1, 2014	0	16,540,854	0	5,939,160	2,806,223	25,286,237	59,079,228	
Cash, June 30, 2015	271,975	14,904,663	760,528	4,758,039	3,852,449	24,547,654	62,446,849	

continued

Exhibit 8, continued

	Business-type Activities Enterprise Funds					Governmental Activities	
	Ambulance Transport	Municipal Airport	Parking Services	Stormwater Utility	Wastewater Utility	Totals	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities							
Operating income (loss)	2,110,755	(2,193,814)	2,166,938	3,104,610	917,902	6,106,391	7,154,862
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities							
Depreciation	49,174	4,816,964	800,338	1,844,935	3,971,769	11,483,180	3,740,800
(Increase) Decrease in accounts receivable	(324,721)	148,062	(62,519)	(89,982)	(45,984)	(375,144)	18,445
(Increase) Decrease in loans and notes receivable	0	0	0	(541,239)	110,605	(430,634)	0
Increase (Decrease) in allowance for uncollectibles	14,363	(1,175)	(23,747)	(194)	(1,525)	(12,278)	1,351
(Increase) Decrease in due from other governments	23,205	(54,527)	63,284	26,783	512,557	571,302	(40,454)
(Increase) Decrease in prepaids and deposits	27,135	488	(1,528)	10,320	(21,735)	14,680	(33,725)
(Increase) Decrease in wetlands mitigation credits	0	0	0	180,700	0	180,700	0
(Increase) Decrease in inventories	0	0	5,388	0	(10,346)	(4,958)	(864)
(Increase) Decrease in deferred outflows related to pensions	(15,031)	25,147	10,487	(62,697)	(52,367)	(94,461)	(50,951)
(Increase) Decrease in net pension asset	(3,771,107)	(2,857,989)	(701,215)	(4,931,379)	(6,994,700)	(19,256,390)	(8,928,112)
Increase (Decrease) in deferred inflows related to pensions	2,262,646	1,692,944	412,789	2,984,525	4,211,420	11,564,324	5,366,007
Increase (Decrease) in accounts payable	(35,367)	687,373	(29,506)	8,014	(70,434)	560,080	(2,113,932)
Increase (Decrease) in wages payable	11,013	28,519	7,649	49,465	93,049	189,695	(9,377)
Increase (Decrease) in compensated absences payable	4,746	4,117	5,483	38,841	598	53,785	53,084
Increase (Decrease) in net OPEB obligation	0	0	0	0	0	0	(199,495)
Increase (Decrease) in claims payable	0	0	0	0	0	0	607,017
Increase (Decrease) in deposits	0	0	0	(9,478)	19,444	9,966	10,076
Increase (Decrease) in due to other funds	(95,147)	0	(145,566)	0	0	(240,713)	0
Increase (Decrease) in due to other governments	9,655	(4,069)	1,048	8,358	423,101	438,093	60,544
Increase (Decrease) in unearned revenue	444,854	(15,408)	1,822	(20,260)	0	411,008	(169,926)
Net cash provided by (used for) operating activities	716,173	2,276,632	2,511,145	2,601,322	3,063,354	11,168,626	5,465,350

Noncash capital and related financing activities

During the year, \$194,736 of assets purchased by the Ambulance Transport Fund were transferred to the Fleet Services Fund.

During the year, the Stormwater Utility Fund capitalized \$77,434 in assets contributed from customers and \$246,924 in assets contributed from governmental funds.

During the year, the Wastewater Utility Fund capitalized \$250,780 in assets contributed from customers and \$260,570 in assets contributed by the Fleet Services Fund. In addition, \$18,250 of assets purchased by the fund were transferred to the Fleet Services Fund.

During the year, \$33,049 of assets purchased by governmental funds were transferred to the Information Systems and Services Fund.

During the year, \$139,277 of assets purchased by the Municipal Airport Fund were transferred to the Fleet Services Fund.

During the year, \$374,821 and \$352,263 of capital assets purchased by governmental funds and proprietary funds, respectively, were transferred to the Fleet Services Fund. In addition, \$260,570 of assets purchased by the fund were transferred to the Wastewater Utility Fund.

The accompanying notes are an integral part of the financial statements.

CITY OF EUGENE, OREGON
Notes to Basic Financial Statements

Notes Index

	<u>Page(s)</u>
(1) Summary of Significant Accounting Policies	
(A) The Financial Reporting Entity	39
(B) Organization and Operation	39
(C) Government-wide and Fund Financial Statements	40
(D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation	40 - 42
(E) Risk Management	43
(F) Equity in Pooled Cash and Investments	43 - 44
(G) Receivables	44
(H) Interfund Receivables and Payables	44
(I) Inventories and Prepaid Items	44
(J) Capital Assets	44 - 45
(K) Capitalized Interest	45
(L) Compensated Absences	46
(M) Noncurrent Obligations	46
(N) Deferred Inflows/Outflows of Resources	46
(O) Pensions	46
(P) Fund Balance	46 - 47
(Q) Indirect Expenses Allocation	48
(2) Reconciliation of Government-wide and Governmental Fund Financial Statements	
(A) Explanation of Differences Between the Government-wide Statement of Net Position and the Governmental Fund Balance Sheet	48 - 49
(B) Explanation of Differences Between the Government-wide Statement of Activities and the Fund Statement of Revenues, Expenditures and Changes in Fund Balances	49 - 50
(3) Stewardship, Compliance, and Accountability	
(A) Budgetary Information	50 - 51
(B) Overexpenditures of Appropriations	51
(4) Detailed Notes on All Funds	
(A) Equity in Pooled Cash and Investments	51 - 53
(B) Receivables	54
(C) Interfund Transfers	55
(D) Due From Other Governments	56
(E) Capital Assets	57 - 59
(F) Unavailable/Unearned Revenue	60
(G) Operating Leases	60 - 61
(H) Noncurrent Liabilities	61 - 68
(5) Other Information	
(A) Risk Management	69
(B) Joint Ventures	69
(C) Retirement Plan – Oregon PERS (OPERS)	70 - 75
(D) Retirement Plan – OPSRP IAP	75
(E) Other Post-employment Benefits (OPEB)	76 - 78
(F) Contingencies	78
(G) Outstanding Encumbrances	79
(H) Accounting Standards Issued but not yet Adopted	79 - 80
(I) Change in Accounting Principle	80
(J) Prior Period Adjustment	80
(K) Subsequent Event	80

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

The financial statements of the City of Eugene, Oregon (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

The City has implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB Statement No. 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68. Additional information for this implementation can be found in Note 5C.

The more significant of the City's accounting policies are described below:

(A) The Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose its will on the component unit, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present the City of Eugene, Oregon (the primary government) and its component unit. The City of Eugene is a municipal corporation governed by a council comprised of eight members, each elected by and representing the citizens of a different ward of the City, and a Mayor, who is elected at large. The component unit discussed in the next paragraph is included in the City's reporting entity because of the significance of its operational and financial relationship with the City.

Blended Component Unit. The Urban Renewal Agency of the City of Eugene (Agency) is a legally separate public body, corporate and politic, created by ordinance of the City, and governed by the City Council, acting in its capacity as the Urban Renewal Agency Board. Because the Agency's governing body is identical to the City's, and because City management is responsible for the Agency's operations, the funds of the Agency are blended with those of the City by including them in the appropriate statements and schedules of this Comprehensive Annual Financial Report, which can be viewed on the City's website at www.eugene-or.gov. Separate financial statements for the Agency can be obtained from the Finance Division of the City of Eugene or viewed on the City's website.

(B) Organization and Operation

The City operates under the Eugene Charter of 1976, a general grant of powers charter. The City Council, composed of the Mayor and eight council members, forms the legislative branch of the City government, while the City Manager acts as the administrative head.

The accounts of the City are organized on the basis of funds. Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating government functions and activities. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances (net position), revenues, and expenditures (expenses).

The government-wide financial statements (Exhibits 1 and 2) report information on all activities of the primary government and its component unit. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees, fines, and charges for services.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(C) Government-wide and Fund Financial Statements

The Statement of Activities (Exhibit 2) demonstrates the degree to which the direct and allocated indirect expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expenses are those costs, usually administrative in nature, that support all City functions and enable direct services to be provided. Program revenues include 1) fees, fines, and charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements (Exhibits 3 through 8) are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured by a fund. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Government-wide and Proprietary Fund Financial Statements

The government-wide and proprietary fund financial statements are accounted for using an economic resources measurement focus, whereby all assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the Statement of Net Position and the Statement of Fund Net Position. The increases and decreases in net position are presented in the government-wide Statement of Activities and in the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. These funds use the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Interfund activity consists of transfers, services provided and/or used, reimbursements, advances, and loans. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include interfund services provided and/or used. Interfund services provided and/or used are accounted for as revenues and expenses since the elimination of such revenues and expenses would distort the direct costs and program revenues reported for the various functions.

Amounts reported as program revenues in the Statement of Activities include 1) fees, fines, and charges for services, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Grants and contributions not restricted to specific programs are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Operating revenues and operating expenses are intermediate components within the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position, and include only those transactions that constitute their principal, ongoing activities exclusive of investing or financing transactions. Significant operating revenues include charges for services, rental income, and intergovernmental revenue. Significant operating expenses include personnel, materials and supplies, outside services, depreciation, and pension expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements

The governmental fund financial statements are accounted for using a current financial resources measurement focus. The Balance Sheet reports current assets, current liabilities, and deferred inflows of resources; and the Statement of Revenues, Expenditures, and Changes in Fund Balance presents increases and decreases in net fund balance. These funds use the modified accrual basis of accounting whereby revenues are recorded only when susceptible to accrual (both measurable and available). "Measurable" means that the amount of the transaction can be determined. "Available" is defined as being collectible within the current period or soon enough thereafter (60 days) to be used to liquidate liabilities of the current period. Expenditures, other than interest on noncurrent obligations, are recorded when the fund liability is incurred.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Governmental Fund Financial Statements, continued

Real and personal property taxes are levied as of July 1 for each fiscal year on values assessed as of January 1. Property taxes are an enforceable lien on both real and personal property as of July 1 and are due and payable in three installments on November 15, February 15, and May 15. All property taxes are billed and collected by Lane County and remitted to the City. In the governmental fund financial statements, property taxes are reflected as revenues in the fiscal period for which they were levied, provided they are due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days). Otherwise, they are reported as deferred inflows of resources. Property taxes which are held at year-end by the collecting agency, Lane County, and are remitted to the City within the 60-day period are reported as "Due from other governments."

Intergovernmental revenues are recognized as revenues when all eligibility requirements are met. There are, however, essentially two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, all eligibility requirements are determined to be met when the underlying expenditures are recorded. In the other, monies are virtually unrestricted as to the purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements; therefore, all eligibility requirements are determined to be met at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Rental income is typically received in advance and is reported as unearned when appropriate.

Special assessments receivable and repayment of revolving loans expected to be collected within 60 days after year-end are considered measurable and available and are recognized as revenue. Assessment installments that are long-term are recorded as deferred inflows of resources.

Governmental Funds

Governmental funds finance most governmental functions of the City. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities, excluding those accounted for in proprietary funds, are accounted for through governmental funds. The measurement focus is upon determination of changes in current financial resources, rather than upon net position determination. The following are the City's major governmental funds:

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Principal sources of revenue are property taxes, charges for services, licenses and permits, and intergovernmental revenues. Primary expenditures of the General Fund are made for fire and emergency medical services, library, recreation, and cultural services, planning and development, police, public works, and general administration.

Community Development Fund

The Community Development Fund is used to account for proceeds of specific revenue sources that are restricted, committed, or assigned, including grant revenues received from the federal government under provisions of Title I of the Community Development Act of 1974. Major expenditures include development loans to individuals and businesses, as well as capital improvements benefiting low-income persons.

General Capital Projects Fund

The General Capital Projects Fund is used to account for the financial resources that are restricted, committed, or assigned for capital outlay including construction of capital facilities not financed by proprietary or other capital projects funds. General Fund transfers, federal and state grants, and bond proceeds provide the financing for the expenditures of this fund.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Governmental Funds, continued

Systems Development Capital Projects Fund

The Systems Development Capital Projects Fund is used to account for resources that are restricted, committed, or assigned for construction of the non-assessable portion of capacity-enhancing capital projects. Financing is provided by a systems development charge levied against developing properties. Expenditures are restricted by state law to capacity-enhancing projects for the following systems: transportation, sanitary sewers, storm sewers, and parks facilities.

Proprietary Funds

Proprietary funds are used to account for the City's ongoing operations and activities which are similar to those found in the private sector. The measurement focus is economic resources and upon the determination of net position.

The following are the City's major proprietary funds:

Ambulance Transport Fund

The Ambulance Transport Fund accounts for the operation of emergency medical services provided to the public. Revenues are provided by user charges.

Municipal Airport Fund

The Municipal Airport Fund accounts for the operations of the municipal airport. Principal sources of revenues are rental of terminal space to airlines and other service providers, landing fees, and parking fees. The fund receives Airport Improvement Program monies from the Federal Aviation Administration for capital improvements. The fund also imposes passenger facility charges on passengers utilizing the airport, the proceeds of which are restricted for use in financing eligible projects as determined by regulation.

Parking Services Fund

The Parking Services Fund accounts for the operations of City-owned parking facilities. Revenue sources include parking fees and fines, meter receipts, and rentals. The revenue is used to operate and maintain the parking facilities and to supplement the General Fund through interfund transfers.

Stormwater Utility Fund

The Stormwater Utility Fund accounts for the operation and maintenance of the stormwater drainage system and the wetland resource protection and enhancement program. Primary revenues are stormwater user fees and the sale of wetland mitigation credits.

Wastewater Utility Fund

The Wastewater Utility Fund accounts for the operation, construction, and maintenance of the wastewater collection and treatment system. Primary revenues are wastewater user fees.

Additionally, the City reports the following fund type:

Internal Service Funds

Internal service funds account for those activities and services furnished internally to other organizational units within the City on a cost reimbursement basis. Charges are made to the various departments to support these activities. The City's internal service funds include facilities services, fleet services, information systems and services, professional services, and risk and benefits. The aggregate of all internal service funds is reflected in the fund financial statements.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Other Governmental Funds

Other governmental funds include all nonmajor special revenue, debt service, and capital projects funds of the City. The following lists all other governmental funds by governmental fund type:

Special Revenue Funds:

Construction and Rental Housing
Library, Parks, and Recreation
Public Safety Communications
Road
Solid Waste and Recycling
Special Assessment Management
Telecom Registration and Licensing
Urban Renewal Agency General
Urban Renewal Agency Riverfront

Debt Service Funds:

General Obligation
Special Assessment Bond
Urban Renewal Agency

Capital Projects Funds:

Special Assessment
Transportation
Urban Renewal Agency
Urban Renewal Agency Riverfront

(E) Risk Management

The City retains a portion of the risk of loss for workers' compensation, general liability, and medical, dental, and vision employee benefits. The amount estimated to be payable is based on an actuarial report of the estimated ultimate loss, including incurred but not reported claims as of the Statement of Fund Net Position date. Claims payable include all incremental costs directly incurred as a result of a claim, and consider estimated recoveries on both settled and unsettled claims. Claims expense is reduced by amounts recovered or expected to be recovered. Claims liability/expense are accounted for in the City's basic financial statements in an internal service fund.

(F) Equity in Pooled Cash and Investments

Policies adopted by the Investment Advisory Board and the Eugene City Council authorize the City to invest in obligations of the U.S. Treasury and its agencies, time certificates of deposit, governmental money market bank deposit accounts, bankers' acceptances, municipal bonds, corporate bonds, commercial paper, repurchase agreements, reverse repurchase agreements, and the Oregon Local Government Investment Pool.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(F) Equity in Pooled Cash and Investments, continued

It is the City's policy to report at amortized cost all short-term, highly-liquid money market investments (including corporate bonds, commercial paper, bankers' acceptances, municipal bonds, and U.S. Treasury and agency obligations) and participating interest-earning investment contracts with a remaining maturity at time of purchase of one year or less. Such investments are stated at cost, increased by accretion of discounts and reduced by amortization of premiums, both computed by the straight-line method. Callable investments purchased at a discount are amortized to the maturity date, and callable investments purchased at a premium are amortized to the first call date. Investments with a remaining maturity at time of purchase of more than one year are valued at fair value.

The City maintains a common cash and investments pool for all City funds. Interest earned on the pooled cash and investments is allocated quarterly based on each fund's average cash and investments balance as a proportion of the City's total pooled cash and investments. For purposes of the Statement of Cash Flows, the City considers "cash" to include the pooled cash and investments, since the pool has the general characteristics of a demand deposit account, in that any participating fund may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty.

(G) Receivables

Unbilled City services that are significant and meet the measurable and available criteria for revenue recognition are accrued as revenue in the governmental fund financial statements at year-end. Significant unbilled service accounts receivable relating to the government-wide and proprietary fund financial statements are accrued as revenue when earned.

(H) Interfund Receivables and Payables

In the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" in the fund financial statements.

During the year, borrowings that occur between funds are classified as interfund loans or advances. In the fund financial statements, the short-term portion of such borrowings are classified as "Interfund loans receivable" or "Interfund loans payable". The noncurrent portion is classified as "Advances to other funds" or "Advances from other funds." The governmental fund financial statements report this as nonspendable fund balance to indicate funds are not available for appropriation and are not expendable financial resources.

In the government-wide financial statements, all interfund receivables and payables are combined and any residual balances between the governmental and business-type activities are reported as "Internal balances."

(I) Inventories and Prepaid Items

Inventories of materials and supplies are valued at cost or average cost using the first-in/first-out method. Inventories are capitalized and charged to operations as consumed in both the government-wide and fund financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

(J) Capital Assets

Capital assets are defined by the government as tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. The City's capitalization threshold for tangible assets is \$5,000. Tangible assets include land, rights-of-way (included with land), buildings, improvements, equipment, and infrastructure. The capitalization threshold for intangible assets is set at 0.5% of total capital assets for both governmental and business-type activities. Intangible assets include copyrights, trademarks, and computer software.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(J) Capital Assets, continued

Infrastructure capital assets are those that are stationary in nature and can be preserved for a significantly greater number of years than most other capital assets. The City has a transportation infrastructure system reported in governmental activities consisting of roads, bridges, sidewalks, and traffic and lighting systems. Infrastructure reported in business-type activities includes a regional airfield, parking lots, and stormwater and wastewater collection systems. Except for governmental activities infrastructure placed in service prior to July 1, 1980, all capital assets have been capitalized in the government-wide and proprietary fund financial statements. In accordance with the current financial resources measurement focus, capital assets are not capitalized in the governmental fund financial statements. All purchased capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Historical cost is measured by the cash or cash equivalent price of obtaining an asset, including ancillary charges necessary to place the asset into its intended location and condition for use. Donated capital assets are reported at their estimated fair value at the time of acquisition plus ancillary charges, if any. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Amounts expended for maintenance and repairs are charged to expenditures/expenses in the appropriate funds as incurred and are not capitalized. Capital improvements financed by special assessments which provide assets to the City's Stormwater Utility Fund and Wastewater Utility Fund are capitalized in the proprietary fund Statement of Fund Net Position.

Capital assets are depreciated unless they are inexhaustible in nature or have an indefinite useful life (e.g., land and rights-of-way). Depreciation is an accounting process which allocates the cost of capital assets, in a systematic and rational manner, to those periods expected to benefit from the use of capital assets. Depreciation is not intended to represent an estimate in the decline of fair market value, nor are capital assets, net of accumulated depreciation, intended to represent an estimate of the current condition of the assets, or the maintenance requirements needed to maintain the assets at their current level of condition.

Depreciation is computed over the estimated useful lives of the capital assets. All estimates of useful lives are based on actual experience by City departments with identical or similar capital assets. Infrastructure assets are depreciated using a composite depreciation method. All other categories of assets are depreciated on the straight-line basis of accounting. The estimated useful lives of the various categories of assets are as follows:

<u>Category</u>	<u>Estimated useful life</u>
Buildings	40-50 years
Improvements other than buildings	20 years
Infrastructure	25-40 years
Equipment	3-15 years

Upon disposal of capital assets, cost and accumulated depreciation are removed from the accounts and, if appropriate, a gain or loss on the disposal is recognized.

Capital assets of proprietary funds are reported net of accumulated depreciation in the government-wide Statement of Net Position and the proprietary funds Statement of Fund Net Position. Capital assets not specifically related to activities reported in proprietary funds are reported net of accumulated depreciation in the governmental activities column in the government-wide Statement of Net Position. Depreciation expense on proprietary fund capital assets is reported in the government-wide Statement of Activities and the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. Depreciation expense on general capital assets is reported in the government-wide Statement of Activities as a direct expense.

(K) Capitalized Interest

Interest is capitalized on constructed assets in proprietary funds. For the year ended June 30, 2015, no interest was capitalized on proprietary fund capital assets.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(L) Compensated Absences

Liabilities for accumulated or vested vacation leave and compensation time benefits (compensated absences) are recorded in the government-wide financial statements and proprietary fund financial statements. The governmental fund financial statements do not report liabilities for compensated absences unless they are due for payment. Sick leave does not vest and is recorded in all funds as taken.

(M) Noncurrent Obligations

Noncurrent obligations are reported in the government-wide and proprietary fund financial statements as liabilities. The governmental fund financial statements do not report noncurrent obligations because they do not require the use of current financial resources. Bond discounts and premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method in the government-wide and proprietary fund financial statements, but are recognized during the current period in the governmental fund financial statements. The bonds-outstanding method does not differ significantly from the effective interest method. Bond issuance costs are expensed in the period incurred.

The limited tax pension obligations are deep discount bonds that increase in value based on the initial yield to maturity. This increase in value is reflected as an increase in noncurrent liabilities on the Statement of Net Position and as interest expense on the Statement of Activities.

(N) Deferred Inflows/Outflows of Resources

The government-wide and fund financial statements will sometimes report deferred outflows of resources and deferred inflows of resources. Items in these categories represent a consumption or acquisition of net position (fund balance) that applies to future periods.

(O) Pensions

For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS), and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(P) Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council passes an ordinance that places specific constraints on how the resources may be used. The City Council can modify or rescind the ordinance at any time through passage of an additional ordinance.

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The policies that address the designation of "reserves" are included in the City's financial management goals and policies adopted by the Council. The City's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's Comprehensive Annual Financial Report.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(P) Fund Balance, continued

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. Unassigned fund balance is primarily comprised of the difference between budget and actual results for the current fiscal year. This classification is also used to report any negative fund balance amounts in other governmental funds.

When both restricted and unrestricted (committed, assigned, or unassigned) resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as needed. When an expenditure is incurred where an unrestricted fund balance classification could be used, the City's practice is to use committed resources first, assigned resources second, and then unassigned amounts as they are needed.

Fund balances by classification for the year ended June 30, 2015 were as follows:

<u>Fund balances</u>	<u>General</u>	<u>Community Development</u>	<u>Systems</u>			<u>Total Governmental Funds</u>
			<u>General Capital Projects</u>	<u>Development Capital Projects</u>	<u>Other Governmental Funds</u>	
Nonspendable:						
Inventories	\$ 0	0	0	0	950,343	950,343
Prepays and deposits	837,243	0	0	0	52,801	890,044
Assets held for resale	0	0	0	0	1,851,966	1,851,966
Permanent balance	0	0	0	0	80,000	80,000
Restricted:						
Capital projects	0	0	542,285	20,884,799	4,267,760	25,694,844
Community development	0	3,651,932	0	0	0	3,651,932
Rental housing program	0	0	0	0	331,277	331,277
Cultural services	1,107,064	0	0	0	4,036,846	5,143,910
Debt service	0	0	0	0	789,126	789,126
Road maintenance	0	0	0	0	4,338,308	4,338,308
Public safety communications	0	0	0	0	1,721,573	1,721,573
Solid waste and recycling	0	0	0	0	601,144	601,144
Urban renewal	0	0	0	0	12,669,724	12,669,724
Committed:						
Construction permits	0	0	0	0	5,368,475	5,368,475
Special assessments	0	0	0	0	2,849,018	2,849,018
Telecommunications	0	0	0	0	6,076,497	6,076,497
Assigned:						
Unappropriated						
ending fund balance	23,040,000	0	0	0	0	23,040,000
Capital projects	0	0	16,602,173	0	0	16,602,173
Cultural services	1,273,473	0	0	0	0	1,273,473
Encumbrances	2,543,769	0	0	0	0	2,543,769
Reserve for next year's spending	810,398	0	0	0	0	810,398
Reserve for revenue shortfall	9,451,371	0	0	0	0	9,451,371
Other reserves	1,069,153	0	0	0	0	1,069,153
Unassigned	901,143	0	0	0	0	901,143
Total fund balances	\$ 41,033,614	3,651,932	17,144,458	20,884,799	45,984,858	128,699,661

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(Q) Indirect Expenses Allocation

In the fund financial statements, the City allocates certain indirect costs incurred by the central services function of the General Fund to other funds in order to recover expenditures made on behalf of those other City funds. This allocation has been removed from the direct expenses column in the government-wide Statement of Activities and a separate column titled indirect expenses allocation has been presented. Indirect costs allocated to business-type activities are equal to the amount actually paid by the function. The remaining indirect costs are allocated to governmental activities based on personnel service costs. The remaining net expense in the central services function represents direct program activity of that function including its share of allocated indirect costs.

(2) Reconciliation of Government-wide and Governmental Fund Financial Statements

(A) Explanation of Differences Between the Government-wide Statement of Net Position and the Governmental Fund Balance Sheet

The Balance Sheet for governmental funds (Exhibit 3) includes a reconciliation between total fund balances and total net position of governmental activities in the Statement of Net Position (Exhibit 1). The following are selected elements of that reconciliation.

The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are deferred in governmental funds. The details of this \$33,058,400 difference are as follows:

Receivables:		
Interest	\$	1,997,527
Taxes		7,908,832
Systems development charges		1,694,808
Municipal court		818,891
Assessments		452,547
Loans and notes		20,974,770
Subtotal		33,847,375
Allowance for uncollectibles		(788,975)
Net adjustment	\$	<u>33,058,400</u>

Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value. The details of this \$409,853,081 difference are as follows:

Capital assets (net of accumulated depreciation) reported in the Statement of Net Position - governmental activities column:		
Land and construction in progress	\$	82,550,343
Other capital assets (net of accumulated depreciation)		349,724,313
Capital assets (net of accumulated depreciation) reported in internal service funds included in the Statement of Net Position - governmental activities column		(22,421,575)
Net adjustment	\$	<u>409,853,081</u>

All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in governmental funds. The details of this \$76,421,080 difference are as follows:

Bonds payable	\$	(61,895,452)
Notes and contracts payable		(6,078,000)
Accrued interest payable		(254,944)
Compensated absences		(8,192,684)
Net adjustment	\$	<u>(76,421,080)</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(2) Reconciliation of Government-wide and Governmental Fund Financial Statements, continued

(A) Explanation of Differences Between the Government-wide Statement of Net Position and the Governmental Fund Balance Sheet, continued

Net pension asset (liability) and deferred inflows and outflows of resources related to pensions are reported in the Statement of Net Position. These items represent a consumption or acquisition of net position that applies to future periods. The details of the \$12,630,074 difference are as follows:

Deferred inflows related to pensions	\$ (42,957,881)
Deferred outflows related to pensions	8,678,236
Net pension asset (liability)	<u>21,649,571</u>
Net adjustment	<u>\$ (12,630,074)</u>

(B) Explanation of Differences Between the Government-wide Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balances

The Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities is provided at Exhibit 5. The following are selected elements of that reconciliation:

Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received. The details of this \$758,083 difference are as follows:

Change in unavailable revenue from the following sources:	
Property taxes receivable	\$ 403,138
Special assessments receivable	(111,591)
System development charges receivable	774,443
Municipal court receivables	187,887
Notes receivable	(2,265,047)
Subtotal	<u>(1,011,170)</u>
Change in the allowance for uncollectibles	<u>253,087</u>
Net adjustment	<u>\$ (758,083)</u>

Donations of capital assets are reported as capital contributions in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources. In addition, the Statement of Activities reports gains and losses arising from the disposal of existing capital assets, while governmental funds do not. The details of this \$8,939,125 difference are as follows:

Donations of capital assets	\$ 1,487,992
Sale of capital assets	<u>(10,427,117)</u>
Net adjustment	<u>\$ (8,939,125)</u>

Governmental funds do not report expenditures for unpaid compensated absences, interest expense, or arbitrage since they do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs. The details of this \$29,669,904 difference are as follows:

Compensated absences	\$ (322,203)
Net pension asset (liability)	32,659,919
Accrued interest	<u>(2,667,812)</u>
Net adjustment	<u>\$ 29,669,904</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(2) Reconciliation of Government-wide and Governmental Fund Financial Statements, continued

(B) Explanation of Differences Between the Government-wide Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balances, continued

Capital outlay is reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense. The details of this \$6,799,010 difference are as follows:

Capital outlay	\$ 27,463,519
Depreciation expense	(20,664,509)
Net adjustment	<u>\$ 6,799,010</u>

Repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. The payment of debt principal affects the Statement of Activities and is reported as a decrease in noncurrent liabilities in the Statement of Net Position. The details of this \$7,739,018 difference are as follows:

Debt issued:	
Issuance of general obligation bonds	\$ <u>(8,700,000)</u>
Principal payments:	
General obligation debt	12,954,700
Limited tax bonds	88,318
Notes payable	1,561,000
Tax increment bonds	1,835,000
Subtotal	<u>16,439,018</u>
Net adjustment	<u>\$ 7,739,018</u>

Transfers of capital assets are often made between proprietary funds and governmental funds when the use of an asset changes. Transfers of liabilities are sometimes made between proprietary funds and governmental funds when the fund responsible for repayment changes. Such transfers will provide or use economic resources in proprietary funds, but may not necessarily provide or use spendable financial resources in governmental funds.

Transfer of governmental capital assets to proprietary funds	\$ <u>(648,369)</u>
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(3) Stewardship, Compliance, and Accountability

(A) Budgetary Information

The City Manager submits to the Budget Committee a proposed operating and capital budget a sufficient length of time in advance to allow adoption of the budget prior to July 1. The operating and capital budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain community comments.

Prior to July 1, the City legally adopts its annual budget for all funds through passage of a resolution. The resolution authorizes fund appropriations as current annual departmental requirements, debt service, capital outlay, interfund transfers, interfund loans, and special payments.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(3) Stewardship, Compliance, and Accountability, continued

(A) Budgetary Information, continued

Expenditures cannot legally exceed appropriations at these control levels. Appropriations which have not been spent at year-end lapse, although an amending resolution passed in the subsequent year specifically provides for the reappropriation of prior-year lapsed encumbrances.

Unexpected additional resources or appropriations may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by passage of a Council resolution authorizing the transfer. All budget amendments are subject to the limitations put forth in the Oregon Revised Statutes Chapters 294.305 through 294.565. Supplemental appropriations, permitted by Oregon Budget Law, were authorized by the City Council during the fiscal year. The net effect of amending resolutions passed during the fiscal year was an appropriation increase of \$16,077,502.

(B) Overexpenditures of Appropriations

For the year ended June 30, 2015, the Parking Services Fund had budget-basis expenses in excess of legal appropriations of \$24,221.

(4) Detailed Notes on All Funds

(A) Equity in Pooled Cash and Investments

The City maintains a common cash and investments pool that is available for use by all funds. Each fund's portion of this pool is displayed in the Statement of Net Position, the Statement of Fund Net Position, or the Balance Sheet as "Equity in pooled cash and investments." Cash and investments are comprised of the following at June 30, 2015:

Cash on hand	\$	39,011
Deposits with banks		18,150,548
Investments		<u>200,907,336</u>
	\$	<u>219,096,895</u>

Deposits

At June 30, 2015, the City's deposits with various financial institutions were \$18,150,548, which included \$14,054,669 in time certificates of deposits. The City's investment policy limits investments in time certificates of deposits to 50% of the City's total investment portfolio with a maximum length to maturity of three years.

All City deposits not covered by Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating depositories, better protecting public funds, though not guaranteeing that all funds are 100% protected. A depository is required to pledge collateral securities with a total market value equal to at least 10% of their last reported uninsured public fund deposits. The Office of State Treasurer (OST) has identified the following exceptions to the collateral calculation and any exception requires 100% collateralization.

- A depository may not accept public fund deposits from one depositor in excess of their net worth. If the depository has a drop in net worth that takes them out of compliance, they are required to post 100% collateral on any amount the depositor has in excess of the depository's net worth while working to eliminate that excess.
- A depository may not hold aggregate public funds in excess of a percentage of their net worth based on their capitalization category (100% for undercapitalized, 150% for adequately capitalized, 200% for well capitalized) unless approved, for a period of 90 days or less, by OST.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(A) Equity in Pooled Cash and Investments, continued

Deposits, continued

- A depository may only hold in excess of 30% of all aggregate public funds reported by all depositories holding Oregon public funds if the excess is collateralized at 100%.

The OST, at the advice of the Director of Consumer and Business Services, may also, at any time, require depositories to pledge additional collateral up to 110% of the value of the uninsured public fund deposits. In the event of a depository failure, the entire pool of collateral pledged by all qualified Oregon public funds depositories is available to repay deposits of public funds of government entities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a depository failure, the government's deposits may not be returned to it. At June 30, 2015, the City had deposits of \$500,000 insured by the FDIC, \$250,000 insured by the NCUA, and \$21,715,066 collateralized under the PFCP.

At June 30, 2015, the City had \$181,815 in deposits (cash with fiscal agent) held by escrow companies that were uninsured and uncollateralized.

Investments

As of June 30, 2015, the City held the following investments and maturities:

<u>Investment type</u>	<u>Carrying value</u>	<u>Weighted average maturity in years</u>	<u>% of investment portfolio</u>
Corporate indebtedness	\$ 27,718,739	0.723	13.8%
Local government investment pool	21,794,213	0.003	10.9%
Municipal bonds	23,699,185	1.271	11.8%
U.S. agency securities	117,975,721	1.110	58.7%
U.S. treasury securities	9,719,478	1.122	4.8%
Total	\$ 200,907,336	1.096	100.0%

Interest Rate Risk

As a means of limiting its exposure to losses from rising interest rates, the City's investment policy limits investment as follows:

<u>Investment type</u>	<u>Maximum length to maturity</u>
Bankers' acceptances	6 months
Corporate indebtedness	18 months
Local government investment pool	1 day
State and local government obligations	3 years
U.S. agency securities	3 years
U.S. treasury securities	3 years

With the exception of pass-through funds, the maximum amount of pooled investments to be placed in the Local Government Investment Pool is limited by Oregon Statute to \$46,801,588, which increases periodically proportionately to the Portland Consumer Price Index. The limit can be temporarily exceeded for ten business days and does not apply either to pass-through funds or to funds invested on behalf of another governmental unit.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(A) Equity in Pooled Cash and Investments, continued

Investments, continued

Credit Risk

The City's policy, which adheres to State of Oregon law, is to limit its Corporate and Municipal investments as follows: Issuers within Oregon must be rated "A" (bonds) or A-2 / P-2 (commercial paper) or better by Standard and Poor's, Moody's Investors Service or any other nationally recognized statistical rating organization at time of purchase. Issuers not in Oregon must be rated AA / Aa (bonds) or A-1 / P-1 (commercial paper) or better at time of purchase.

At June 30, 2015, the City's investments were rated as follows:

<u>Investment type</u>	<u>Highest Rating From</u>				
	<u>Total</u>	<u>Aaa/AAA</u>	<u>Aa/AA</u>	<u>A</u>	<u>Not rated</u>
Corporate indebtedness	\$ 27,718,739	0	19,416,683	8,302,056	0
Local government investment pool	21,794,213	0	0	0	21,794,213
Municipal bonds	23,699,185	4,675,536	19,023,649	0	0
U.S. agency securities	117,975,721	98,495,730	0	0	19,479,991
U.S. treasury securities	9,719,478	9,719,478	0	0	0
Total	\$ 200,907,336	112,890,744	38,440,332	8,302,056	41,274,204

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The investments are regulated by the OSTF and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2015, the fair value of the City's deposits with the LGIP approximates cost. The OSTF financial statements are available at <http://www.ost.state.or.us/>.

The LGIP's portfolio concentration of credit risk at June 30, 2015 included: Corporate Notes (47.1%), U.S. Treasury and Agency Securities (35.0%), Asset Backed Securities (9.9%), Municipal Bonds (4.7%), Non-US Government Debt (1.6%), Commercial Paper (0.7%), Certificates of Deposits (0.6%), and cash (0.4%). The credit risk associated with the investments was: AAA rating (9.4%), AA rating (8.8%), A rating (39.3%), BBB rating (6.5%), and not rated (36.0%).

Concentration of Credit Risk

The City's policy for investing in individual issuers varies depending on the type of investments. U.S. Government Agency Securities are restricted to no more than 25.0% for any one issuer. No more than 25.0% of the total portfolio of investments may be invested in a single issuer of bankers' acceptances or repurchase agreements. Investments in commercial paper or corporate bonds may not exceed more than 35.0% of the portfolio and investments in any one issuer may not exceed 5.0% of the investment portfolio. Investments are limited to 5.0% per depository name and may not exceed more than 25.0% of the investment portfolio. The combined limit for each depository in certificates of deposits, bankers' acceptances, and corporate indebtedness is 10.0%.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(B) Receivables

As of June 30, 2015, the City had two outstanding loans receivable from a private developer under the U.S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee program totaling \$6,078,000. The private developer payments are used to repay the HUD loan, for which the City is contingently liable. Further information on the City's obligation under these two loans is available in the Notes Payable section of Note 4H Noncurrent Liabilities. Receivables for individual major funds, internal service funds, and other governmental funds in the aggregate, including the applicable allowances for uncollectible accounts at June 30, 2015, are as follows:

<u>Fund description</u>	<u>Interest</u>	<u>Taxes</u>	<u>Accounts</u>	<u>Assessments</u>	<u>Loans and notes</u>	<u>Total gross receivables</u>	<u>Allowance for uncollectibles</u>	<u>Total net receivables</u>
General	\$ 1,707,742	6,950,022	2,472,542	0	238,938	11,369,244	(1,024)	11,368,220
Community Development	31,390	0	18,036	0	18,161,125	18,210,551	(17,243)	18,193,308
General Capital Projects	0	0	1,694	0	0	1,694	0	1,694
Systems Development Capital	0	0	1,765,479	0	5,124	1,770,603	0	1,770,603
Ambulance Transport	0	0	2,133,568	0	0	2,133,568	(404,125)	1,729,443
Municipal Airport	0	0	755,109	0	0	755,109	(118,070)	637,039
Parking Services	0	0	414,701	0	0	414,701	(134,327)	280,374
Stormwater Utility	0	0	2,022,683	0	541,239	2,563,922	(7,960)	2,555,962
Wastewater Utility	0	0	1,847,726	0	11,004	1,858,730	(5,960)	1,852,770
Internal service funds	0	0	501,201	0	0	501,201	(10,607)	490,594
Other governmental funds	<u>300,029</u>	<u>1,249,315</u>	<u>1,010,863</u>	<u>460,316</u>	<u>2,642,352</u>	<u>5,662,875</u>	<u>(147,183)</u>	<u>5,515,692</u>
	<u>\$ 2,039,161</u>	<u>8,199,337</u>	<u>12,943,602</u>	<u>460,316</u>	<u>21,599,782</u>	<u>45,242,198</u>	<u>(846,499)</u>	<u>44,395,699</u>

Government-wide adjustment for uncollectibles

(788,975)

Receivables (net of allowance) - Government-wide Statement of Net Position

43,606,724

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(C) Interfund Transfers

<u>Fund description</u>	<u>General</u>	<u>General Capital Projects</u>	<u>Wastewater Utility</u>	<u>Internal service funds</u>	<u>Other governmental funds</u>	<u>Total transfers out</u>
General	\$ 0	6,130,260	0	1,362,000	151,068	7,643,328
Ambulance Transport	374,031	0	0	194,736	0	568,767
Municipal Airport	0	0	0	139,277	0	139,277
Parking Services	1,714,100	0	0	0	0	1,714,100
Stormwater Utility	0	135,000	0	0	0	135,000
Wastewater Utility	0	135,000	0	18,250	0	153,250
Internal service funds	0	227,597	260,570	0	0	488,167
Other governmental funds	450,000	135,000	0	0	293,037	878,037
Total transfers in	\$ 2,538,131	6,762,857	260,570	1,714,263	444,105	11,719,926
Internal service funds						6,426
						<u>11,726,352</u>

Transfers are routinely made for the following purposes:

- To move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
- To move unrestricted revenues collected in the General Fund to finance various programs and activities accounted for in other funds in accordance with budgetary authorizations.
- To move revenues collected from restricted sources to other funds to pay for direct expenses.

Other transfers include \$1.7 million transferred from the Parking Services Fund to the General Fund to support general operations, \$1.4 million transferred from the General Fund to the Fleet Services Fund for future replacement of equipment, \$2.4 million transferred from the General Fund to the General Capital Projects Fund for construction of the new City Hall.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(D) Due From Other Governments

Amounts due from other governments at June 30, 2015, are presented below:

<u>Fund description</u>	<u>State</u>	<u>Federal</u>	<u>County</u>	<u>Eugene Water and Electric Board</u>	<u>MWMMC</u>	<u>Other</u>	<u>Total</u>
General	\$ 505,932	0	566,857	962,626	0	111,815	2,147,230
Community Development	6,902	251,034	0	0	0	0	257,936
Ambulance Transport	9,571	0	0	0	0	23,344	32,915
Municipal Airport	1,063,188	144,874	0	0	0	0	1,208,062
Parking Services	98,813	0	17	0	0	0	98,830
Stormwater Utility	92	11,988	32,608	0	0	148,172	192,860
Wastewater Utility	0	0	0	0	1,576,143	47,491	1,623,634
Internal service funds	46,288	0	103,014	0	0	462,660	611,962
Other governmental funds	<u>1,882,015</u>	<u>0</u>	<u>516,306</u>	<u>18,540</u>	<u>0</u>	<u>127,509</u>	<u>2,544,370</u>
Total due from other governments - Government-wide Statement of Net Position	\$ <u>3,612,801</u>	<u>407,896</u>	<u>1,218,802</u>	<u>981,166</u>	<u>1,576,143</u>	<u>920,991</u>	<u>8,717,799</u>

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(E) Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

<u>Governmental activities:</u>	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets, not being depreciated:				
Land	\$ 69,351,973	3,291,049	(875,738)	71,767,284
Construction in progress	5,113,254	8,675,444	(3,005,639)	10,783,059
Total capital assets, not being depreciated	<u>74,465,227</u>	<u>11,966,493</u>	<u>(3,881,377)</u>	<u>82,550,343</u>
Capital assets, being depreciated:				
Buildings and equipment	255,212,121	5,249,058	(19,380,313)	241,080,866
Improvements other than buildings	86,440,502	1,690,771	(74,201)	88,057,072
Infrastructure	323,187,171	12,432,835	0	335,620,006
Total capital assets being depreciated	<u>664,839,794</u>	<u>19,372,664</u>	<u>(19,454,514)</u>	<u>664,757,944</u>
Less accumulated depreciation for:				
Buildings and equipment	(98,529,338)	(9,127,884)	12,711,467	(94,945,755)
Improvements other than buildings	(44,599,697)	(3,633,901)	19,528	(48,214,070)
Infrastructure	(160,230,281)	(11,643,525)	0	(171,873,806)
Total accumulated depreciation	<u>(303,359,316)</u>	<u>(24,405,310)</u>	<u>12,730,995</u>	<u>(315,033,631)</u>
Total capital assets, being depreciated, net	<u>361,480,478</u>	<u>(5,032,646)</u>	<u>(6,723,519)</u>	<u>349,724,313</u>
Governmental activities capital assets, net	<u>\$ 435,945,705</u>	<u>6,933,847</u>	<u>(10,604,896)</u>	<u>432,274,656</u>

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(E) Capital Assets, continued

Business-type activities:

Capital assets, not being depreciated:
 Land \$ 17,142,705
 Construction in progress 3,209,382
 Total capital assets, not being depreciated 20,352,087

Capital assets, being depreciated:
 Buildings and equipment 72,801,349
 Improvements other than buildings 108,205,752
 Storm sewers 63,148,391
 Trunk sewers 161,184,186
 Total capital assets being depreciated 405,339,678

Less accumulated depreciation for:
 Buildings and equipment (32,407,892)
 Improvements other than buildings (59,234,759)
 Storm sewers (18,112,546)
 Trunk sewers (73,912,258)
 Total accumulated depreciation (183,667,455)

Total capital assets, being depreciated, net 221,672,223

Business-type activities capital assets, net \$ 242,024,310

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
	\$ 17,142,705	59,935	0	17,202,640
	<u>3,209,382</u>	<u>7,473,614</u>	<u>(1,679,781)</u>	<u>9,003,215</u>
	<u>20,352,087</u>	<u>7,533,549</u>	<u>(1,679,781)</u>	<u>26,205,855</u>
	72,801,349	2,013,683	(280,349)	74,534,683
	108,205,752	1,100,354	0	109,306,106
	63,148,391	4,319,173	0	67,467,564
	161,184,186	1,962,785	0	163,146,971
	<u>405,339,678</u>	<u>9,395,995</u>	<u>(280,349)</u>	<u>414,455,324</u>
	(32,407,892)	(1,955,510)	256,833	(34,106,569)
	(59,234,759)	(4,115,725)	0	(63,350,484)
	(18,112,546)	(1,620,498)	0	(19,733,044)
	(73,912,258)	(3,791,447)	0	(77,703,705)
	<u>(183,667,455)</u>	<u>(11,483,180)</u>	<u>256,833</u>	<u>(194,893,802)</u>
	<u>221,672,223</u>	<u>(2,087,185)</u>	<u>(23,516)</u>	<u>219,561,522</u>
	\$ <u>242,024,310</u>	<u>5,446,364</u>	<u>(1,703,297)</u>	<u>245,767,377</u>

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(E) Capital Assets, continued

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

Central services	\$ 249,321
Fire and emergency medical services	1,268,818
Library, recreation, and cultural services	2,419,469
Planning and development	359,871
Police	1,185,340
Public works	15,181,690
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	3,740,801
	\$ 24,405,310

Business-type activities:

Ambulance Transport	\$ 49,174
Municipal Airport	4,816,964
Parking Services	800,338
Stormwater Utility	1,844,935
Wastewater Utility	3,971,769
	\$ 11,483,180

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(F) Unavailable/Unearned Revenue

Unavailable revenues are reported as a deferred inflow of resources in the governmental funds Balance Sheet. Unavailable revenues are reported in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Unearned revenues are reported as a liability in the proprietary funds Statement of Net Position and governmental funds Balance Sheet. Unearned revenues are reported in connection with resources that have been received but not yet earned. The various components of unavailable/unearned revenue at June 30, 2015 consist of the following:

<u>Fund by type</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable:			
General	\$ 8,367,259	0	8,367,259
Other governmental funds	1,539,100	0	1,539,100
Assessments receivable:			
Other governmental funds	450,741	0	450,741
Systems development charges receivable:			
Systems Development Capital	1,694,808	0	1,694,808
Notes receivable:			
General	238,938		238,938
Community Development	18,097,212	0	18,097,212
Systems Development Capital	5,124	0	5,124
Other governmental funds	2,633,496	0	2,633,496
Other:			
General	818,891	2,773,746	3,592,637
Community Development	0	134,041	134,041
Ambulance Transport	0	444,854	444,854
Municipal Airport	0	30,921	30,921
Parking Services	0	57,271	57,271
Stormwater Utility	0	126,748	126,748
Internal service funds	0	55,888	55,888
Other governmental funds	1,806	285,940	287,746
Total unavailable/unearned revenue	\$ <u>33,847,375</u>	<u>3,909,409</u>	<u>37,756,784</u>

(G) Operating Leases

The City conducts some of its operations from leased facilities located throughout the City. All such leases for facilities are classified as operating leases and expire within the next six years. The total rental expense for the year ended June 30, 2015 for operating leases was \$1,320,109. Most of these leases for facilities contain an option whereby the City can, after the initial lease term, renew its lease for periods of one to ten years.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(G) Operating Leases, continued

The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2015:

<u>Fiscal year ending June 30</u>	<u>Rentals</u>
2016	\$ 1,405,139
2017	1,299,848
2018	1,257,274
2019	1,002,714
2020	740,178
Total minimum future rentals	<u>\$ 5,705,153</u>

(H) Noncurrent Liabilities

General Obligation (G.O.) Bonds

The City issues general obligation bonds to finance major construction projects in governmental activities. G.O. bonds in governmental activities are approved by voters, backed by the full faith and credit and unlimited taxing power of the City, and are serviced by general property tax revenues. The City's G.O. bonded debt is subject to a debt limit of 3.0% of real market value per Oregon Revised Statutes 287A.050. For the fiscal year ended June 30, 2015, the City had 96.0% of its legal debt capacity available.

<u>Governmental activities</u>	<u>Original issuance</u>	<u>Interest rates (%)</u>	<u>Ending balance</u>
General obligation bonds serviced by general property taxes:			
Parks and Open Spaces Bonds, Series 2004	\$ 6,305,000	2.500% to 4.650%	2,390,000
General Obligation Refunding Bonds, Series 2006	24,990,000	3.500% to 4.125%	7,145,000
General Obligation Refunding Bonds, Series 2011	<u>10,975,000</u>	2.000% to 3.000%	<u>6,745,000</u>
Total general obligation bonds	<u>\$ 42,270,000</u>		<u>16,280,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Fiscal year ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 4,410,000	577,338
2017	3,045,000	410,406
2018	3,160,000	299,845
2019	2,510,000	171,335
2020	1,010,000	91,745
2019-2023	<u>2,145,000</u>	<u>102,220</u>
	<u>\$ 16,280,000</u>	<u>1,652,889</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

General Obligation Bond and Revolving Credit Facility (Streets 2012)

On November 6, 2012, Eugene voters passed Measure 20-197, authorizing the City to issue a maximum of \$43,000,000 of general obligation (G.O.) bonds. The proceeds from the sale of the bonds are to be used for street preservation. The bonds can be issued to provide interim financing and to refund the bonds that provide interim financing. As of June 30, 2015, the City had \$33,500,000 in authorized but unissued borrowing remaining.

These bonds are issued through a G.O. and revolving credit facility with Bank of America, N.A. which matures on June 1, 2017 and has an authorized limit of \$5,000,000. The City elects from either a LIBOR based taxable or tax exempt interest rate for each draw. As of June 30, 2015, the City had a \$1,410,300 balance on the credit facility, in addition to \$2,123 in accrued interest expense.

Draws on this credit facility are recorded as a financing source in the Transportation Capital Projects Fund. The debt will be repaid from general property tax revenues or by the future issuance of long-term general obligation bonds, which can be issued at the City's discretion. The General Obligation Bond and Revolving Credit Facility (Streets and Off-Street Bike and Pedestrian Paths) is backed by the full faith and credit of the City and is included in the City's G.O. debt limit.

<u>Governmental activities</u>	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
G.O. bond and revolving credit facility (Streets 2012)	\$ 2,700,000	6,800,000	(8,089,700)	1,410,300

General Obligation Bond and Revolving Credit Facility (POS)

On November 7, 2006, Eugene voters passed Measure 20-110, authorizing the City to issue a maximum of \$27,490,000 of general obligation (G.O.) bonds. The proceeds from the sale of the bonds are to be used for the purchase of land for parks and open space, and the construction and improvement of athletic fields. The bonds can be issued to provide interim financing and to refund the bonds that provide interim financing. As of June 30, 2015, the City had \$8,320,000 in authorized but unissued borrowing remaining.

To issue these bonds, on May 31, 2007, the City entered into a General Obligation Bond and Revolving Credit Facility with Bank of America, N.A. currently bearing interest at 0.75% with a maturity date of June 1, 2017. The facility has an authorized limit of \$6,875,000 outstanding at any given time and is further limited to a maximum of the amount authorized under the bond measure. As of June 30, 2015, the City had a \$1,300,000 balance on the credit facility, in addition to \$1,075 in accrued interest expense.

Draws on this credit facility are recorded as a financing source in the General Capital Projects Fund. The debt will be repaid from general property tax revenues or by the future issuance of long-term general obligation bonds, which can be issued at the City's discretion. The General Obligation Bond and Revolving Credit Facility (Parks, Athletic Fields, and Open Spaces) is backed by the full faith and credit of the City and is included in the City's G.O. debt limit.

<u>Governmental activities</u>	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
G.O. bond and revolving credit facility (POS)	\$ 0	1,900,000	(600,000)	1,300,000

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Certificates of Participation

The City issues certificates of participation (COPs) to finance major construction projects in governmental activities. The Atrium Obligations are backed by the full faith and credit of the City, and debt payments are to be paid from rental payments made by property occupants, including City departments.

<u>Governmental activities</u>	<u>Original issuance</u>	<u>Interest rates (%)</u>	<u>Ending balance</u>
Certificates of participation serviced by specific fund revenues:			
Atrium Obligations, Series 1998A (tax-exempt)	\$ 1,200,000	3.700% to 4.900%	270,000
Atrium Obligations, Series 1998B (taxable)	<u>1,200,000</u>	6.125% to 6.200%	<u>300,000</u>
Total certificates of participation	<u>\$ 2,400,000</u>		<u>570,000</u>

Annual debt service requirements to maturity for certificates of participation are as follows:

<u>Fiscal year ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 180,000	31,700
2017	190,000	21,730
2018	<u>200,000</u>	<u>11,165</u>
	<u>\$ 570,000</u>	<u>64,595</u>

Limited Tax Bonds

The City issues limited tax bonds in governmental and business-type activities. Limited tax bonds in governmental activities include limited tax improvement bonds and limited tax pension bonds. Limited tax improvement bonds finance public improvements that benefit private parties. Improvement bonds are secured by the benefited properties and are to be repaid in installments from property owners. Limited tax pension bonds finance a portion of the estimated unfunded actuarial liability with the Oregon Public Employees Retirement System. The pension bonds are to be repaid from existing revenue sources. All limited tax bonds are backed by the full faith and credit of the City, within the limitations of Article XI of the Oregon Constitution.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Limited Tax Bonds, continued

<u>Governmental activities</u>	<u>Original issuance</u>	<u>Interest rates (%)</u>	<u>Ending balance</u>
Limited tax bonds:			
Limited Tax Pension Bonds, Series 2002	\$ 69,613,281	2.000% to 7.410%	49,599,183
Limited Tax Improvement Bonds, Series 2006	1,036,427	5.100%	26,489
Limited Tax Improvement Bonds, Series 2011	<u>580,000</u>	7.050%	<u>267,542</u>
Total limited tax bonds governmental activities	<u>\$ 71,229,708</u>		<u>49,893,214</u>
 <u>Business-type activities</u>			
Limited tax bonds:			
Limited Tax Pension Bonds, Series 2002	<u>\$ 14,721,719</u>	2.000% to 7.410%	<u>10,489,166</u>
Total limited tax bonds business-type activities	<u>\$ 14,721,719</u>		<u>10,489,166</u>
 Total limited tax bonds	 <u><u>85,951,427</u></u>		 <u><u>60,382,380</u></u>

The Limited Tax Pension Bonds, Series 2002 are deep discount bonds and reported net of accretion. However, the annual debt service requirements to maturity are reported on a cash basis and do not account for accreted amounts. The following table reconciles the ending balance of limited tax bonded debt and the annual debt service requirements to maturity schedule:

Total limited tax bonds	\$ 60,382,380
Less: Accretion of deep discount	<u>(7,188,743)</u>
Total debt service requirements for limited tax bonds	<u><u>\$ 53,193,637</u></u>

Annual debt service requirements to maturity for limited tax improvement bonds are as follows:

Fiscal year <u>ending June 30</u>	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 26,489	20,213	0	0
2017	0	18,862	0	0
2018	0	18,862	0	0
2019	0	18,862	0	0
2020	0	18,862	0	0
2021-2025	0	94,310	0	0
2026-2027	<u>267,542</u>	<u>28,293</u>	<u>0</u>	<u>0</u>
Improvement bonds	<u>\$ 294,031</u>	<u>218,264</u>	<u>0</u>	<u>0</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Limited Tax Bonds, continued

Annual debt service requirements to maturity for limited tax pension bonds are as follows:

Fiscal year ending June 30	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2016	\$ 828,673	4,181,214	175,249	884,237
2017	848,099	4,405,294	179,355	931,625
2018	868,290	4,640,987	183,625	981,470
2019	879,001	4,898,544	185,890	1,035,937
2020	2,489,870	3,568,325	526,554	754,624
2021-2025	18,613,618	9,952,324	3,936,382	2,104,703
2026-2028	<u>19,137,771</u>	<u>2,414,929</u>	<u>4,047,229</u>	<u>510,706</u>
Pension bonds	<u>43,665,322</u>	<u>34,061,616</u>	<u>9,234,284</u>	<u>7,203,303</u>
Total limited tax bonds	\$ <u>43,959,353</u>	<u>34,279,880</u>	<u>9,234,284</u>	<u>7,203,303</u>

Tax Increment Bonds

The City's Urban Renewal Agency issues tax increment bonds to finance major construction projects in governmental activities. The purpose of the Urban Renewal Agency is to stimulate economic development by financing public improvements within designated districts. Tax increment bonds are serviced by property tax increment revenues. When an urban renewal district is first created, the property assessed value within the district boundaries is established as a "frozen base." The Urban Renewal Agency receives property taxes related to the incremental increase in the property assessed value that are in excess of the "frozen base."

<u>Governmental activities</u>	Original <u>issuance</u>	<u>Interest rates (%)</u>	Ending <u>balance</u>
Tax increment bonds:			
URA Tax Increment Bonds, Series 2011	\$ <u>7,900,000</u>	5.200%	<u>3,300,000</u>

Annual debt service requirements to maturity for tax increment bonds are as follows:

Fiscal year ending June 30	Governmental activities	
	Principal	Interest
2016	\$ 878,000	171,600
2017	924,000	125,944
2018	972,000	77,896
2019	<u>526,000</u>	<u>27,352</u>
	\$ <u>3,300,000</u>	<u>402,792</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Conduit Debt

On December 27, 2010, the City issued \$6,900,000 of Bank Loan Revenue Bonds, dated December 30, 2010, bearing a variable interest rate, and maturing on December 27, 2035. The bonds were issued to provide access to tax-exempt interest rates to Woolworth Properties, LLC for the construction of the Woolworth Building, which is located within the City's Urban Renewal Downtown District. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2015, \$6,448,673 of the bonds were outstanding.

Notes Payable

The City has entered into contracts with the U.S. Department of Housing and Urban Development (HUD) as a guarantor for loan guarantees made under HUD's Section 108 Loan Guarantee Program (Program). The Program is a source of financing for economic development.

HUD contracts for loan guarantee assistance contain certain security provisions. The primary security is a pledge by the City of its current and future Community Development Block Grant funds. The City provides additional security for each Guaranteed Loan in the form of property liens.

In July 2008, the City borrowed \$2,706,000 from HUD to finance the purchase of the historic Washburne and Centre Court buildings in the Urban Renewal Downtown District. The note pays interest at a variable rate equal to the three-month LIBOR rate plus 0.2%. The rate adjusts on the first day of each month.

On November 16, 2010, the City entered into a contract with HUD to borrow \$5,189,000 to support the rehabilitation of the historic Washburne and Centre Court buildings in the Urban Renewal Downtown District. The note pays interest at a variable rate equal to the three-month LIBOR rate plus 0.2%. The rate adjusts on the first day of each month.

<u>Governmental activities</u>	<u>Loan amount</u>	<u>Interest rates (%)</u>	<u>Ending balance</u>
Notes payable:			
Housing and Urban Development -			
Washburne and Centre Court Building	\$ 2,706,000	0.280% to 3.150%	1,069,000
Washburne and Centre Court Building Rehabilitation	<u>5,189,000</u>	0.280% to 3.550%	<u>5,009,000</u>
	<u>\$ 7,895,000</u>		<u>6,078,000</u>

Annual debt service requirements to maturity for notes payable are as follows:

Fiscal year ending June 30	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 210,000	118,127
2017	191,000	173,339
2018	193,000	171,649
2019	204,000	169,395
2020	204,000	166,120
2021-2025	1,020,000	762,090
2026-2030	847,000	621,482
2031	<u>3,209,000</u>	<u>56,158</u>
	<u>\$ 6,078,000</u>	<u>2,238,360</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Notes Payable, continued

The HUD notes will be repaid from principal and interest payments received from a loan to Beam Properties Eugene LLC, who purchased the property from the City. The loan proceeds from the Beam Properties Eugene LLC loan will be received in the Community Development Special Revenue Fund.

Compensated Absences

At June 30, 2015, the City reported compensated absences of \$9,096,477 in governmental activities. The General Fund, internal service funds, and other governmental funds are typically used to liquidate these liabilities.

Internal Service Fund Debt

Based on an analysis of billings, governmental activities have been determined to be the predominant source of revenue for all internal service funds. Therefore, noncurrent liabilities of the internal service funds are reported in governmental activities. As of June 30, 2015, internal service fund debt included the Atrium Obligations of \$570,000, Limited Tax Pension Bonds (net of unamortized discount) of \$10,442,366, deferred bond discounts of \$13,824, a net OPEB obligation of \$3,050,124, and \$903,796 in compensated absences.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2015 was as follows:

<u>Governmental activities</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>	<u>Due after one year</u>
General obligation bonds	\$ 20,545,000	0	(4,265,000)	16,280,000	4,410,000	11,870,000
Limited tax bonds	51,219,270	0	(1,326,056)	49,893,214	855,162	49,038,052
Tax increment bonds	5,135,000	0	(1,835,000)	3,300,000	878,000	2,422,000
Certificates of participation payable	735,000	0	(165,000)	570,000	180,000	390,000
Deferred issuance discount/premium	230,899	0	(76,593)	154,306	0	154,306
Total bonds payable	77,865,169	0	(7,667,649)	70,197,520	6,323,162	63,874,358
General obligation bond and revolving credit facility	2,700,000	8,700,000	(8,689,700)	2,710,300	0	2,710,300
Compensated absences payable	8,721,190	8,498,707	(8,123,420)	9,096,477	8,958,365	138,112
Notes and contracts payable	7,639,000	0	(1,561,000)	6,078,000	210,000	5,868,000
Net OPEB obligation	3,249,619	993,954	(1,193,449)	3,050,124	0	3,050,124
Governmental activities - noncurrent liabilities	\$ 100,174,978	18,192,661	(27,235,218)	91,132,421	15,491,527	75,640,894
<u>Business-type activities</u>						
Limited tax bonds	\$ 10,756,327	0	(267,161)	10,489,166	175,249	10,313,917
Deferred issuance discount/premium	(15,643)	0	1,778	(13,865)	0	(13,865)
Total bonds payable	10,740,684	0	(265,383)	10,475,301	175,249	10,300,052
Compensated absences payable	1,934,264	1,906,283	(1,852,498)	1,988,049	1,963,016	25,033
Business-type activities - noncurrent liabilities	\$ 12,674,948	1,906,283	(2,117,881)	12,463,350	2,138,265	10,325,085

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information

(A) Risk Management

The City has established an internal service fund to account for and finance its risks of loss. The City has a self-insured liability program which covers personal injury, public official's errors and omissions, automobile, and employer's liability, with a maximum self-insured retention of \$500,000 per occurrence for automobile and general liability and \$750,000 per occurrence for employee benefit and employment practice liability. In addition, the City has a self-insured workers' compensation program which covers employees' work-related illnesses and injuries, including employer's liability, with a maximum self-insured retention of \$1,000,000 per occurrence. During the previous three fiscal years, there were no liability claims that exceeded the insurance coverage levels.

All regular full and part-time City employees are eligible for medical, dental, and vision insurance coverage. Employees may choose between two self-insured plans: the City Health Plan, a Preferred Provider Organization (PPO) plan or the City Managed Care Plan, a Point of Service (POS) plan. A third self-insured medical plan, the City Hybrid Plan, is available to non-represented and IATSE-represented employees. The City has established a self-insurance fund to pay medical, dental, and vision claims of employees and their dependents on the City Health Plan, up to the self-insurance retention limit of \$250,000 per employee.

Coverage for workers' compensation, general liability, and employees' health claims in excess of the self-insurance retention limit is purchased from commercial insurers. The City also purchases all-risk property insurance coverage from a commercial insurer. The property insurance policy has a basic \$25,000 deductible, with earthquake and flood insurance coverages subject to the following deductibles: flood – \$100,000 deductible per occurrence except that buildings in Flood Zones A and V have a \$500,000 deductible per building; earthquake – 2% of the combined value of the property at the location, subject to a minimum deductible of \$100,000 per location and the deductible applies separately to each location.

At June 30, 2015, a total claims liability of \$12,172,588 is reported in the Risk and Benefits Internal Service Fund. Claims liabilities reported by the City are based on an actuarial estimate of the ultimate cost of settling claims incurred, including incurred but not reported (IBNR) claims. Claims liabilities include all incremental costs incurred directly as a result of a claim, and consider estimated recoveries on both settled and unsettled claims. Claims expense has been reduced by amounts recovered, or expected to be recovered through excess insurance.

The following changes occurred in the claims liability in the current and previous fiscal year:

Fiscal year ended June 30	Liability balance at beginning of year	Current-year claims and changes in estimates	Claim payments	Liability balance at end of year
2014	\$ 12,239,623	22,018,319	(22,692,371)	11,565,571
2015	11,565,571	24,310,777	(23,703,760)	12,172,588

(B) Joint Ventures

The City is a participant with Lane County and the City of Springfield in the Metropolitan Wastewater Management Commission (MWMC), a joint venture established by intergovernmental agreement to construct, maintain, and operate regional sewerage facilities. The MWMC consists of a seven-member board to which the City appoints three voting members. The City has no explicit, measurable equity interest in the MWMC. However, the City has an ongoing financial responsibility for the operations of the MWMC in that the City is obligated to adopt disposal rates and charges not less than those adopted by the MWMC, and to forward to the MWMC, its share of the revenues as specified in the adopted financing plan, which requires that all MWMC administrative, operational, and maintenance expenses be financed through a uniform district-wide monthly fee.

MWMC contracts with the City for operation of the regional sewerage facilities on a cost reimbursement basis which is accounted for in the Wastewater Utility Fund. For the fiscal year ended June 30, 2015, the City provided billable operations to MWMC costing \$13,151,663 and MWMC owed the City \$1,484,779 for unreimbursed costs at year-end. The City of Springfield includes the MWMC as a component unit of its financial reporting entity. MWMC's most recently published financial statement was for the year ended June 30, 2014, which reflected net income of \$4,311,980 and net position of \$137,807,910. Separate financial statements for MWMC can be obtained from the City of Springfield Finance Department.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(C) Retirement Plan – Oregon PERS (OPERS)

Plan Description

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

Plan Benefits

Tier One/Tier Two Retirement Benefit ORS Chapter 238.

The Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living (COLA) changes. As of the measurement date, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(C) Retirement Plan – Oregon PERS (OPERS), continued

Plan Benefits

OPSRP Pension Program (OPSRP DB)

The OPSRP Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

Pension Benefits

This portion of the OPSRP pension program provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives, for life, 50% of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living (COLA) changes. As of the measurement date, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. The rates in effect for the fiscal year ended June 30, 2015 were 14.10% for Tier One/Tier Two covered members, 9.26% for OPSRP Pension Program General Service Members, and 11.99% for OPSRP Pension Program Police and Fire Members. The City also charged an internal rate of 5.75% of payroll to departments to fund the repayment of the City's pension obligation bonds, which were issued in 2002. Employer contributions for the year ended June 30, 2015 were \$12,098,456.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(C) Retirement Plan – Oregon PERS (OPERS), continued

Pension Assets, Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City reported \$30,504,733 for its proportionate share of the net pension asset (liability). The net pension asset (liability) was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset (liability) was determined by an actuarial valuation as of December 31, 2012 rolled forward to June 30, 2014. The City's proportion of the net pension asset (liability) was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the City's proportion was 1.3458%, which was unchanged from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense (income) of (\$28,225,663). At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Changes in proportion and differences between City contributions and proportionate shares of contributions	\$ 0	1,026,435
Net difference between projected and actual earnings on pension plan investments	0	58,861,777
Contributions subsequent to the measurement date	12,098,456	0
	<u>\$ 12,098,456</u>	<u>59,888,212</u>

The \$12,098,456 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

<u>Fiscal year ending June 30</u>	<u>Deferred inflows of resources</u>
2016	\$ (14,938,582)
2017	(14,938,582)
2018	(14,938,582)
2019	(14,938,582)
2020	(133,884)

Actuarial Valuations

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of 1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), 2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of 1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), 2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(C) Retirement Plan – Oregon PERS (OPERS), continued

Actuarial Valuations, continued

The total pension liability in the December 31, 2012 actuarial valuation was determined using the following:

Valuation Date:	December 31, 2012 rolled forward to June 30, 2014.
Experience Study Report:	2012, published September 18, 2013
Actuarial cost method	Entry Age Normal
Amortization method:	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method:	Market value of assets

Actuarial assumptions

Inflation rate:	2.75%
Investment rate of return:	7.75%
Projected salary increases:	3.75% overall payroll growth; salaries for individuals are assumed to grow at 3.75% plus assumed rates of merit/longevity increases based on service.
Mortality:	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

GASB Statement No. 68 reporting requirements allows for the measurement date (June 30, 2014) to be 12 months prior to the reporting date (June 30, 2015) and the actuarial valuation date (December 31, 2012) to be 30 months prior to the reporting date. The new pension asset (liability) for the June 30, 2016 reporting data will be based on the December 31, 2014 actuarial valuation date.

Discount Rate

The discount rate used to measure the total pension liability was 7.75% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(C) Retirement Plan – Oregon PERS (OPERS), continued

Long-Term Expected Rate of Return, continued

Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset class</u>	<u>Target</u>	Compound Annual Return <u>(Geometric)</u>
Core fixed income	7.20%	4.50%
Short-term bonds	8.00%	3.70%
Intermediate-term bonds	3.00%	4.10%
High yield bonds	1.80%	6.66%
Large cap US equities	11.65%	7.20%
Mid cap US equities	3.88%	7.30%
Small cap US equities	2.27%	7.45%
Developed foreign equities	14.21%	6.90%
Emerging foreign equities	5.49%	7.40%
Private equity	20.00%	8.26%
Opportunity funds/absolute return	5.00%	6.01%
Real estate (Property)	13.75%	6.51%
Real estate (REITS)	2.50%	6.76%
Commodities	7.71%	6.07%
Assumed inflation – mean		2.75%

Sensitivity of the City's proportionate share of the net pension asset (liability) to changes in the discount rate

The following presents the City's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.75%) or 1 percentage-point higher (8.75%) than the current rate:

	1% Decrease <u>(6.75%)</u>	Current Discount rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
City's proportionate share of the net pension liability (asset)	\$ 64,598,235	(30,504,733)	(110,939,775)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report

Changes in Plan Provisions Subsequent to Measurement Date

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2.0% increase annually. OPERS will make restoration payments to those benefit recipients.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(C) Retirement Plan – Oregon PERS (OPERS), continued

Changes in Plan Provisions Subsequent to Measurement Date, continued

OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and will not be included in the net pension asset (liability) proportionate shares provided to employers in June 2015.

(D) Retirement Plan – OPSRP IAP

Plan Description

OPSRP Individual Account Program (IAP) is a defined contribution pension plan for Tier One/Tier Two and OPSRP plan members. All benefits of the system are established by the legislature pursuant to ORS Chapters 238 and 238A.

Plan Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5, 10, 15, or 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

State statute requires that covered employees contribute 6.0% of their annual covered salary to the IAP plan effective January 1, 2004. Statute allows that the employer may elect to pay the employees' required IAP contributions.

The City has elected to pay all of the employees' required IAP contributions, except for employees who are members of the City's International Association of Fire Fighters (IAFF) union. Beginning July 1, 2012, IAFF covered employees elected to pay the employees' required IAP contribution.

For the fiscal year ended June 30, 2015, the City's contributions and IAFF covered employees' contributions to the IAP were \$4,728,953 and \$1,022,216, respectively (a total of 6.01% of covered payroll).

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(E) Other Post-employment Benefits (OPEB)

Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA)

Plan Description

The City contributes to the Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible PERS retirees. RHIA post-employment benefits are set by state statute. A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at <http://oregon.gov/PERS/>.

Funding Policy

Participating employers are contractually required to contribute to the RHIA at a rate assessed bi-annually by the OPERB, currently 0.35% of annual covered payroll. The OPERB sets the employer contribution rate based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to the PERS RHIA for the past three years were as follows, all of which equaled the required contributions for that year:

<u>Fiscal year</u> <u>ending June 30</u>	<u>Contribution</u>
2013	\$ 520,256
2014	510,982
2015	355,476

City Healthcare Plan

Plan Description

The City administers a single-employer defined benefit healthcare plan that provides post-retirement medical, dental, and vision coverage for eligible retirees, their spouses, domestic partners, and dependents on a self-pay basis. Benefit provisions are established through negotiations between the City and representatives of collective bargaining units. Eligible participants may select from one of the City's two self-insured healthcare plans: the City Health Plan or the City Managed Care Plan. The level of benefits provided by the plans are the same as those afforded to active employees. Coverage is provided to retirees, spouses, and domestic partners until they become eligible for Medicare, typically age 65, and to eligible dependents until age 26.

The City's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. Due to the effect of age, retiree claim costs are generally higher than claim costs for all members as a whole. The difference between retiree claims costs and the amount of retiree healthcare premiums represents the City's implicit employer contribution.

The City also provides post-employment life insurance benefits to fully disabled employees through a single employer defined benefit plan. The plan provides a waiver of life insurance premiums for employees who participate in the City's life insurance plan who become totally disabled; the plan is underwritten by Standard Insurance Company, whereby the City pays a premium rate for active and disabled employees, and Standard Insurance Company provides term life insurance coverage. In the event the City changes life insurance carriers, Standard Insurance Company does not retain any liability for future death benefits. In changing life insurance carriers, if the new carrier was unwilling to accept the liability for the disabled employees, the City would be responsible for any future death benefits.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(E) Other Post-employment Benefits (OPEB), continued

City Healthcare Plan, continued

The City's post-employment life insurance benefit for disabled employees is an elective benefit offered by the City, this benefit is subject to collective bargaining agreements. The amount of life insurance benefits that a disabled employee receives is based on the amount of coverage and the reduction pattern in effect at the time of disablement. The coverage amount varies per employer group; the maximum benefit is \$250,000.

The City did not establish an irrevocable trust (or equivalent arrangement) to account for either plan. Instead, the activities of the plans are reported in the City's Risk and Benefits Internal Service Fund. Neither plan issues a separate report.

Funding Policy

The City has the authority to establish and amend contribution requirements. The required contribution is based on projected pay-as-you-go financing requirements. Since the City's healthcare plan is self-insured, the annual required contributions can fluctuate. For the fiscal year ending June 30, 2015, the City's combined plan contributions were \$1,193,449.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2015, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Annual required contribution	\$	1,052,576
Interest on net OPEB obligation		127,710
Adjustment to the annual required contribution		(186,332)
Annual OPEB cost (expense)		993,954
Contributions made		1,193,449
Increase (decrease) in net OPEB obligation		(199,495)
Net OPEB obligation, beginning of year		3,249,619
Net OPEB obligation, end of year	\$	<u>3,050,124</u>

The City's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2015 and the preceding two years were as follows:

<u>Fiscal year</u> <u>ending June 30</u>		<u>Annual</u> <u>OPEB cost</u>	<u>Contribution</u>	<u>Percentage of</u> <u>annual OPEB</u> <u>cost contributed</u>	<u>Net OPEB</u> <u>obligation</u>
2013	\$	1,141,556	1,881,421	165%	3,763,305
2014		1,152,315	1,666,001	145%	3,249,619
2015		993,954	1,193,449	120%	3,050,124

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(E) Other Post-employment Benefits (OPEB), continued

Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$13,181,876, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$13,181,876. The covered payroll (annual payroll of active employees covered by the plans) was \$97,086,746, and the ratio of the UAAL to the covered payroll was 13.6%.

As of June 30, 2015, the City has set aside \$3,737,169 to pay for future post-employment benefits, which is included in the unrestricted portion of net position in the Risk and Benefits Internal Service Fund. Since these assets have not been placed in a qualified trust (or equivalent arrangement) they have not been recognized as part of the actuarial valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The June 30, 2015 actuarial valuations for the healthcare plan and the post-employment life insurance benefits for disabled employees were based on the entry age normal and the projected unit credit actuarial cost methods, respectively. The actuarial assumptions for both valuations included an investment return of 3.93%. The healthcare plan actuarial valuation included a healthcare cost inflation trend rate of -1.6% in 2015 increasing to 5.0% in 2020. The unfunded actuarially accrued liability and the gains and losses for both plans are amortized as a level dollar amount over an open period of 30 years.

(F) Contingencies

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims covered by the City's self-insurance internal service fund are reviewed and losses are accrued based upon the judgment of City management. Based upon the advice of legal counsel with respect to such litigation and claims, City management cannot determine what effect the ultimate disposition of these matters will have on the financial position or results of operations of City funds.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(G) Outstanding Encumbrances

At June 30, 2015, the City has encumbered the following significant commitments:

<u>Fund</u>	<u>Amount</u>
General	\$ 2,543,769
Community Development	1,605,594
General Capital Projects	1,669,451
Systems Development Capital	476,540
Municipal Airport	10,147,264
Parking Services	17,053
Stormwater Utility	1,113,599
Wastewater Utility	522,232
Internal service funds	810,461
Other governmental funds	<u>2,978,358</u>
Total outstanding encumbrances	<u><u>\$ 21,884,321</u></u>

(H) Accounting Standards Issued but not yet Adopted

GASB Statement No. 72, *Fair Value Measurement and Application*, was issued in February 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The guidance will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued in June 2015. This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information. This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued in June 2015. This Statement will improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted. GASB Implementation Guide No. 2015-1 should be applied simultaneously with Statement No. 76.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(H) Accounting Standards Issued but not yet Adopted, continued

GASB Statement No. 77, *Tax Abatement Disclosures*, was issued in August 2015. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

(I) Change in Accounting Principle

Based on the implementation of GASB Statements No. 68 and 71, the City restated the beginning net position for Governmental and Business-type Activities to recognize their proportionate share of the PERS defined benefit pension plan assets and deferred outflows of resources as of July 1, 2014. Net position has been restated as shown below.

(J) Prior Period Adjustment

With the change in accounting principle described above, the City recorded a prior period adjustment to allocate the Limited Tax Pension Bonds (bonds), net of deep discount amortization, and related interest payable to the Governmental and Business-type Activities. The Business-type funds' internal balance was reduced to reflect their share of interest expense paid and accrued on the bonds that was excluded from the Internal Service Fund elimination in prior years. Net position has been restated as follows:

	Governmental activities	Business-type activities	Total
Total net position, July 1, 2014	\$ 568,840,787	282,037,861	850,878,648
Change in accounting principle	(99,174,005)	(10,989,932)	(110,163,937)
Prior period adjustment			
Pension bonds	10,788,918	(10,788,918)	0
Internal balances	8,443,649	(8,443,649)	0
Total prior period adjustments	19,232,567	(19,232,567)	0
Total net position, July 1, 2014, as restated	\$ 488,899,349	251,815,362	740,714,711

(K) Subsequent Event

On November 3, 2015, Eugene voters passed Measure 20-235, a \$2.7 million five-year library local option levy. Funds from the levy will be used to expand library hours and increase programming. The estimated cost of the levy is \$36 per year for the average property tax statement.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	Budget		Actual		GAAP basis
	Original	Final	Budget basis	Adjustment	
Revenues					
Taxes	100,348,500	100,348,500	102,866,020	0	102,866,020
Licenses and permits	6,049,250	6,049,250	6,091,361	0	6,091,361
Intergovernmental	4,150,803	5,030,568	4,945,367	0	4,945,367
Rental income	108,040	108,040	114,574	0	114,574
Charges for services	11,235,781	12,385,827	12,443,858	(764,432)	11,679,426
Fines and forfeits	2,272,000	2,379,936	2,386,546	0	2,386,546
Miscellaneous	331,400	373,462	588,688	5,443	594,131
Total revenues	124,495,774	126,675,583	129,436,414	(758,989)	128,677,425
Expenditures					
Current - departmental:					
Central services	21,551,815	24,418,354	22,228,467	(7,450,715)	14,777,752
Fire and emergency medical services	26,036,523	27,039,700	25,963,611	34,652	25,998,263
Library, recreation, and cultural services	25,749,255	26,686,559	25,823,638	(85,454)	25,738,184
Planning and development	5,729,842	6,734,967	5,555,437	(201,141)	5,354,296
Police	46,194,367	49,137,352	47,991,488	143,262	48,134,750
Public works	5,430,730	5,963,201	5,477,758	(9,035)	5,468,723
Intergovernmental	800,000	800,000	560,099	(525,391)	34,708
Total expenditures	131,492,532	140,780,133	133,600,498	(8,093,822)	125,506,676
Excess (deficiency) of revenues over expenditures	(6,996,758)	(14,104,550)	(4,164,084)	7,334,833	3,170,749
Other financing sources (uses)					
Transfers in	9,654,131	9,654,131	9,654,131	(7,116,000)	2,538,131
Transfers out	(4,382,368)	(7,646,027)	(7,643,328)	0	(7,643,328)
Total other financing sources (uses)	5,271,763	2,008,104	2,010,803	(7,116,000)	(5,105,197)
Net change in fund balance	(1,724,995)	(12,096,446)	(2,153,281)	218,833	(1,934,448)
Fund balance, July 1, 2014	34,471,236	42,332,747	42,332,747	635,315	42,968,062
Fund balance, June 30, 2015	32,746,241	30,236,301	40,179,466	854,148	41,033,614

Community Development Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	Budget		Actual		GAAP basis
	Original	Final	Budget basis	Adjustment	
Revenues					
Intergovernmental	3,974,661	8,075,687	2,178,168	0	2,178,168
Charges for services	83,950	83,950	13,979	0	13,979
Repayment of revolving loans	0	0	0	3,594,095	3,594,095
Miscellaneous	645,180	645,180	332,087	658	332,745
Total revenues	4,703,791	8,804,817	2,524,234	3,594,753	6,118,987
Expenditures					
Current - departmental:					
Central services	6,000	6,000	0	140,000	140,000
Planning and development	3,647,304	4,704,052	1,501,864	2,777,343	4,279,207
Loans granted	7,233,519	7,083,838	2,777,343	(2,777,343)	0
Debt service	368,000	1,635,769	1,594,224	0	1,594,224
Capital outlay	869,718	1,640,858	55,483	0	55,483
Total expenditures	12,124,541	15,070,517	5,928,914	140,000	6,068,914
Excess (deficiency) of revenues over expenditures	(7,420,750)	(6,265,700)	(3,404,680)	3,454,753	50,073
Other financing sources (uses)					
Principal payments received	2,727,750	4,210,263	3,594,095	(3,594,095)	0
Transfers out	(140,000)	(140,000)	(140,000)	140,000	0
Total other financing sources (uses)	2,587,750	4,070,263	3,454,095	(3,454,095)	0
Net change in fund balance	(4,833,000)	(2,195,437)	49,415	658	50,073
Fund balance, July 1, 2014	5,825,266	3,601,245	3,601,245	614	3,601,859
Fund balance, June 30, 2015	992,266	1,405,808	3,650,660	1,272	3,651,932

CITY OF EUGENE, OREGON

Notes to Required Supplementary Information

June 30, 2015

- (1) The City's proportionate share of the net pension asset (liability) is actuarially determined by comparing the City's projected long-term contributions to OPERS to the total projected long-term contributions to the plan from all employers.

Schedule of City's Proportionate Share of the Net Pension Asset (Liability)

	2015	2014
Proportion of the net pension asset (liability)	1.35%	1.35%
Proportionate share of the net pension asset (liability)	\$ 30,504,733	(69,360,287)
Covered-employee payroll	95,710,435	92,451,727
Proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	31.87%	-75.02%
Plan fiduciary net position as a percentage of the total pension asset (liability)	103.60%	N/A

Schedule of City contributions

	2015	2014
Contractually required contribution	\$ 12,098,455	11,751,145
Contributions in relation to the contractually required contribution	(12,098,455)	(11,751,145)
Contribution deficiency (excesses)	\$ 0	0
Covered-employee payroll	95,710,435	92,451,727
Contributions as a percentage of covered-employee payroll	12.64%	12.71%

Information about the significant methods and assumptions used in calculating the actuarially determined contributions may be found below.

Changes in Plan Provisions and Assumptions

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information, which can be found at:

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf.

A summary of key changes implemented since the December 31, 2011 valuation are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information, which can be found at:

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf.

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at:

<http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>.

- (2) Schedule of Funding Progress – OPEB

Other Post Employment Benefits schedule of funding progress:

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability	Unfunded actuarial accrued liability	Funded ratio	Covered payroll	Unfunded actuarial accrued liability as a percentage of covered payroll
06/30/11	\$ 0	9,502,642	9,502,642	0%	91,224,907	10%
06/30/13	0	14,171,194	14,171,194	0%	93,916,203	15%
06/30/15	0	13,181,876	13,181,876	0%	97,086,746	14%

The City's other post employment benefits include retiree healthcare and waiver of life insurance premiums for disabled employees. The actuarial cost method for retiree healthcare benefits is entry age normal; the cost method for waiver of life insurance premiums for disabled employees is projected unit cost.

CITY OF EUGENE, OREGON

Notes to Required Supplementary Information

(3) Budget to GAAP Reconciliation

Sections of Oregon Revised Statutes (Oregon Budget Law) require most transactions be budgeted on the modified accrual basis of accounting. However, there are certain transactions where statutory budget requirements conflict with generally accepted accounting principles (GAAP). The following discusses the differences between the budget basis and GAAP basis of accounting for the General Fund and the Community Development Fund.

	<u>General</u>	<u>Community Development</u>
Net change in fund balance - budget basis	\$ (2,153,281)	49,415
<i>Budget resources not qualifying as revenues or other financing sources under GAAP:</i>		
Indirect and other cost reimbursements received are reported as revenues or other financing sources on a budget basis. Such receipts are reclassified as a reduction of expenditures on a GAAP basis.	7,880,432	0
<i>Revenues and other financing sources required by GAAP not qualifying as budget resources:</i>		
Adjustment for fair value of investments at year end is reported as miscellaneous revenue on a GAAP basis. Such revenues are not reflected on a Budget basis.	5,442	658
<i>Budget expenditures not qualifying as expenditures or other financing uses under GAAP:</i>		
Indirect and other costs reimbursed are reported as expenditures on a budget basis. Such disbursements are reclassified as a reduction of revenues and other financing sources on a GAAP basis.	(7,880,432)	0
Prepaid expenses are recorded in the year paid on a budget basis. However, such expenses are matched to the accounting period benefited under GAAP.	<u>213,391</u>	<u>0</u>
Net change in fund balance - GAAP basis.	<u>\$ (1,934,448)</u>	<u>50,073</u>

Principal payments received of \$3,594,095 and loans granted of \$2,777,343 are reported in the Community Development Fund as other financing sources and non-departmental expenditures, respectively. Such amounts have been reclassified as revenues and departmental expenditures on a GAAP basis. In addition, indirect cost reimbursements are reclassified from transfers to departmental administrative expenditures on a GAAP basis. Such reclassifications are not included in the above schedule.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2015

(amounts in dollars)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<u>Assets</u>				
Equity in pooled cash and investments	33,038,298	2,039,497	8,758,955	43,836,750
Receivables:				
Interest	27,706	272,323	0	300,029
Taxes	83,377	1,165,938	0	1,249,315
Accounts	1,007,874	0	2,989	1,010,863
Assessments	90,166	281,067	89,083	460,316
Loans and notes	2,642,352	0	0	2,642,352
Allowance for uncollectibles	(147,183)	0	0	(147,183)
Due from other governments	1,794,789	99,235	650,346	2,544,370
Inventories	950,343	0	0	950,343
Prepays and deposits	52,801	0	0	52,801
Assets held for resale	0	1,541	1,850,425	1,851,966
Total assets	39,540,523	3,859,601	11,351,798	54,751,922
<u>Liabilities</u>				
Accounts payable	753,134	0	1,013,723	1,766,857
Wages payable	591,452	0	0	591,452
Due to other governments	339,627	0	40,979	380,606
Deposits	32,111	0	1,084,955	1,117,066
Unearned revenue	285,940	0	0	285,940
Total liabilities	2,002,264	0	2,139,657	4,141,921
<u>Deferred inflows of resources</u>				
Unavailable revenue	2,824,502	1,711,293	89,348	4,625,143
Total deferred inflows of resources	2,824,502	1,711,293	89,348	4,625,143
<u>Fund balances</u>				
Nonspendable	1,083,144	1,541	1,850,425	2,935,110
Restricted	20,935,823	2,146,767	5,673,168	28,755,758
Committed	12,694,790	0	1,599,200	14,293,990
Total fund balances	34,713,757	2,148,308	9,122,793	45,984,858
Total liabilities, deferred inflows of resources, and fund balances	39,540,523	3,859,601	11,351,798	54,751,922

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the fiscal year ended June 30, 2015

(amounts in dollars)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<u>Revenues</u>				
Taxes	1,275,548	15,918,523	2,996,958	20,191,029
Licenses and permits	9,359,895	0	0	9,359,895
Intergovernmental	10,181,383	0	747,367	10,928,750
Rental income	224,873	0	25,159	250,032
Charges for services	5,515,597	0	335,321	5,850,918
Fines and forfeits	42,789	0	0	42,789
Special assessments	21,321	78,969	19,791	120,081
Repayment of revolving loans	780,832	0	0	780,832
Miscellaneous	717,246	66,066	46,200	829,512
Total revenues	28,119,484	16,063,558	4,170,796	48,353,838
<u>Expenditures</u>				
Current - departmental:				
Central services	4,675,099	0	0	4,675,099
Fire and emergency medical services	274,796	0	0	274,796
Library, recreation, and cultural services	230,846	0	0	230,846
Planning and development	6,035,374	0	0	6,035,374
Police	2,720,251	0	0	2,720,251
Public works	10,874,616	0	0	10,874,616
Debt service:				
Principal	0	14,878,017	0	14,878,017
Interest	0	1,057,841	0	1,057,841
Issuance costs	0	0	3,682	3,682
Capital outlay	228,696	0	11,847,995	12,076,691
Intergovernmental	201,443	0	0	201,443
Total expenditures	25,241,121	15,935,858	11,851,677	53,028,656
Excess (deficiency) of revenues over expenditures	2,878,363	127,700	(7,680,881)	(4,674,818)
<u>Other financing sources (uses)</u>				
Proceeds of debt issuance	0	0	6,800,000	6,800,000
Transfers in	219,353	0	224,752	444,105
Transfers out	(779,752)	(98,285)	0	(878,037)
Total other financing sources (uses)	(560,399)	(98,285)	7,024,752	6,366,068
Net change in fund balances	2,317,964	29,415	(656,129)	1,691,250
Fund balances, July 1, 2014	32,395,793	2,118,893	9,778,922	44,293,608
Fund balances, June 30, 2015	34,713,757	2,148,308	9,122,793	45,984,858

SPECIAL REVENUE FUNDS

Combining statements for all individual nonmajor special revenue funds are reported here. The combined totals are reported in the combining nonmajor governmental fund statements at B-1 and B-2. Fund statements for major special revenue funds are reported in Exhibits 3 and 4 of the basic financial statements.

Schedules of revenues, expenditures, and changes in fund balance - budget and actual are also presented here for each individual nonmajor special revenue fund. Budget and actual comparisons for major special revenue funds are reported as required supplementary information at A-2.

Major Special Revenue Fund:

Community Development Fund - To account for grant revenues received from the Federal government. Major expenditures include capital improvements benefiting low income persons and community development loans.

Nonmajor Special Revenue Funds:

Construction and Rental Housing Fund - To account for construction permit services and rental housing code fees related to all properties within the city limits and the urban growth boundary including compliance with applicable laws and regulations.

Library, Parks, and Recreation Fund - To account for contributions from private donors to support the public library and City-owned parks and recreation facilities.

Public Safety Communications Fund - To account for operations of the emergency dispatch center and the regional radio system. Resources are primarily from telephone excise taxes and intergovernmental revenue.

Road Fund - To account for the operation and maintenance of the City's street transportation system. Resources are provided from the City's share of State Highway Trust Fund allocations, State OTIA III monies, fees and permits, and other miscellaneous grants.

Solid Waste and Recycling Fund - To account for business license revenues which are used to regulate solid waste and recycling haulers and provide community education.

Special Assessment Management Fund - To account for operations of the property management and assessment hardship deferral programs.

Telecom Registration and Licensing Fund - To account for registration fees and business privilege taxes collected from providers of telecommunication services in Eugene. Resources are used for program administration and telecom projects that benefit the community.

Urban Renewal Agency Fund - To account for administration of the Urban Renewal Agency.

Urban Renewal Agency Riverfront Fund - To account for the accumulation of tax increment resources and rental income. Resources are used for improving the condition and appearance of the Riverfront District.

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2015
 (amounts in dollars)

	Construction and Rental Housing	Library, Parks, and Recreation	Public Safety Communications	Road	Solid Waste and Recycling	Special Assessment Management	Telecom Registration and Licensing	Urban Renewal Agency	Urban Renewal Agency Riverfront	Total
Assets										
Equity in pooled cash and investments	5,596,425	4,143,165	1,493,427	4,096,936	683,947	1,253,065	5,890,749	1,601,414	8,279,170	33,038,298
Receivables:										
Interest	0	0	0	0	0	0	0	10,243	17,463	27,706
Taxes	0	0	0	0	0	0	0	0	83,377	83,377
Accounts	67,991	4,500	0	204,238	0	0	585,405	145,740	0	1,007,874
Assessments	0	0	0	0	0	90,166	0	0	0	90,166
Loans and notes	0	0	0	0	0	0	0	2,642,352	0	2,642,352
Allowance for uncollectibles	0	0	0	(1,443)	0	0	0	(145,740)	0	(147,183)
Due from other governments	335,876	61,717	421,274	968,676	0	0	0	0	7,246	1,794,789
Inventories	0	0	0	950,343	0	0	0	0	0	950,343
Prepays and deposits	0	0	0	5,357	25,000	0	22,444	0	0	52,801
Total assets	6,000,292	4,209,382	1,914,701	6,224,107	708,947	1,343,231	6,498,598	4,254,009	8,387,256	39,540,523
Liabilities										
Accounts payable	28,616	69,405	765	339,812	45,488	0	268,812	236	0	753,134
Wages payable	215,693	3,044	47,635	277,318	37,315	3,247	7,200	0	0	591,452
Due to other governments	56,231	0	144,728	75,858	0	0	62,792	0	18	339,627
Deposits	0	0	0	32,111	0	0	0	0	0	32,111
Unearned revenue	0	20,087	0	205,000	0	0	60,853	0	0	285,940
Total liabilities	300,540	92,536	193,128	930,099	82,803	3,247	399,657	236	18	2,002,264
Deferred inflows of resources										
Unavailable revenue	0	0	0	0	0	90,166	0	2,633,496	100,840	2,824,502
Total deferred inflows of resources	0	0	0	0	0	90,166	0	2,633,496	100,840	2,824,502
Fund balances										
Nonspendable	0	80,000	0	955,700	25,000	0	22,444	0	0	1,083,144
Restricted	331,277	4,036,846	1,721,573	4,338,308	601,144	0	0	1,620,277	8,286,398	20,935,823
Committed	5,368,475	0	0	0	0	1,249,818	6,076,497	0	0	12,694,790
Total fund balances	5,699,752	4,116,846	1,721,573	5,294,008	626,144	1,249,818	6,098,941	1,620,277	8,286,398	34,713,757
Total liabilities, deferred inflows of resources, and fund balances	6,000,292	4,209,382	1,914,701	6,224,107	708,947	1,343,231	6,498,598	4,254,009	8,387,256	39,540,523

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Special Revenue Funds
For the fiscal year ended June 30, 2015
(amounts in dollars)

Revenues	Construction and Rental Housing	Library, Parks, and Recreation	Public Safety Communications	Road	Solid Waste and Recycling	Special Assessment Management	Telecom Registration and Licensing	Urban Renewal Agency	Urban Renewal Agency	Urban Renewal Agency	Total
Taxes	0	0	0	0	0	0	0	0	1,275,548	0	1,275,548
Licenses and permits	3,919,494	0	0	1,782,825	839,053	0	2,818,523	0	0	0	9,359,895
Intergovernmental	500	63,790	746,001	9,364,592	6,500	0	0	0	0	0	10,181,383
Rental income	0	16,920	0	126,953	0	0	0	18,000	63,000	0	224,873
Charges for services	3,430,699	64,977	1,842,584	123,384	8	53,013	0	932	0	0	5,515,597
Fines and forfeits	39,989	0	0	2,800	0	0	0	0	0	0	42,789
Special assessments	0	0	0	0	0	21,321	0	0	0	0	21,321
Repayment of revolving loans	0	0	0	0	0	0	0	780,832	0	0	780,832
Miscellaneous	46,326	285,512	10,656	219,949	8,439	22,754	31,545	49,750	42,315	0	717,246
Total revenues	7,437,008	431,199	2,599,241	11,620,503	854,000	97,088	2,850,068	849,514	1,380,863	0	28,119,484
Expenditures											
Current - departmental:											
Central services	744,000	0	186,000	703,000	104,000	90,594	2,809,505	21,000	17,000	0	4,675,099
Fire and emergency medical services	274,796	0	0	0	0	0	0	0	0	0	274,796
Library, recreation, and cultural services	0	230,846	0	0	0	0	0	0	0	0	230,846
Planning and development	5,114,208	0	0	0	639,028	0	0	141,763	140,375	0	6,035,374
Police	0	0	2,720,251	0	0	0	0	0	0	0	2,720,251
Public works	405,328	0	0	10,469,288	0	0	0	0	0	0	10,874,616
Capital outlay	0	228,696	0	0	0	0	0	0	0	0	228,696
Intergovernmental	0	0	201,443	0	0	0	0	0	0	0	201,443
Total expenditures	6,538,332	459,542	3,107,694	11,172,288	743,028	90,594	2,809,505	162,763	157,375	0	25,241,121
Excess (deficiency) of revenues over expenditures	898,676	(28,343)	(508,453)	448,215	110,972	6,494	40,563	686,751	1,223,488	0	2,878,363
Other financing sources (uses)											
Transfers in	0	0	121,068	0	0	0	0	98,285	0	0	219,353
Transfers out	0	0	0	(329,752)	0	0	(450,000)	0	0	0	(779,752)
Total other financing sources (uses)	0	0	121,068	(329,752)	0	0	(450,000)	98,285	0	0	(560,399)
Net change in fund balances	898,676	(28,343)	(387,385)	118,463	110,972	6,494	(409,437)	785,036	1,223,488	0	2,317,964
Fund balances, July 1, 2014	4,801,076	4,145,189	2,108,958	5,175,545	515,172	1,243,324	6,508,378	835,241	7,062,910	0	32,395,793
Fund balances, June 30, 2015	5,699,752	4,116,846	1,721,573	5,294,008	626,144	1,249,818	6,098,941	1,620,277	8,286,398	0	34,713,757

Construction and Rental Housing Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Licenses and permits	3,406,414	3,919,494	0	3,919,494
Intergovernmental	0	500	0	500
Charges for services	4,045,976	4,016,168	(585,469)	3,430,699
Fines and forfeits	42,125	39,989	0	39,989
Miscellaneous	352,851	45,529	797	46,326
Total revenues	7,847,366	8,021,680	(584,672)	7,437,008
<u>Expenditures</u>				
Current - departmental:				
Central services	0	0	744,000	744,000
Fire and emergency medical services	291,175	274,796	0	274,796
Planning and development	5,861,862	5,114,208	0	5,114,208
Public works	420,792	405,328	0	405,328
Intergovernmental	640,000	585,469	(585,469)	0
Total expenditures	7,213,829	6,379,801	158,531	6,538,332
Excess (deficiency) of revenues over expenditures	633,537	1,641,879	(743,203)	898,676
<u>Other financing sources (uses)</u>				
Transfers out	(744,000)	(744,000)	744,000	0
Total other financing sources (uses)	(744,000)	(744,000)	744,000	0
Net change in fund balance	(110,463)	897,879	797	898,676
Fund balance, July 1, 2014	4,799,835	4,799,835	1,241	4,801,076
Fund balance, June 30, 2015	4,689,372	5,697,714	2,038	5,699,752

Library, Parks, and Recreation Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	Actual			GAAP basis
	Budget	Budget basis	Adjustment	
Revenues				
Intergovernmental	0	63,790	0	63,790
Rental income	16,920	16,920	0	16,920
Charges for services	43,000	64,977	0	64,977
Miscellaneous	360,192	285,053	459	285,512
Total revenues	420,112	430,740	459	431,199
Expenditures				
Current - departmental:				
Library, recreation, and cultural services	753,000	230,846	0	230,846
Capital outlay	1,224,259	228,696	0	228,696
Total expenditures	1,977,259	459,542	0	459,542
Excess (deficiency) of revenues over expenditures	(1,557,147)	(28,802)	459	(28,343)
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	(1,557,147)	(28,802)	459	(28,343)
Fund balance, July 1, 2014	4,144,139	4,144,139	1,050	4,145,189
Fund balance, June 30, 2015	2,586,992	4,115,337	1,509	4,116,846

Public Safety Communications Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
Revenues				
Intergovernmental	801,551	746,001	0	746,001
Charges for services	2,401,433	1,842,584	0	1,842,584
Miscellaneous	9,100	10,656	0	10,656
Total revenues	3,212,084	2,599,241	0	2,599,241
Expenditures				
Current - departmental:				
Central services	0	0	186,000	186,000
Police	3,555,478	2,720,251	0	2,720,251
Intergovernmental	354,559	201,443	0	201,443
Total expenditures	3,910,037	2,921,694	186,000	3,107,694
Excess (deficiency) of revenues over expenditures	(697,953)	(322,453)	(186,000)	(508,453)
Other financing sources (uses)				
Transfers in	121,068	121,068	0	121,068
Transfers out	(186,000)	(186,000)	186,000	0
Total other financing sources (uses)	(64,932)	(64,932)	186,000	121,068
Net change in fund balance	(762,885)	(387,385)	0	(387,385)
Fund balance, July 1, 2014	2,108,958	2,108,958	0	2,108,958
Fund balance, June 30, 2015	1,346,073	1,721,573	0	1,721,573

Road Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Licenses and permits	1,710,000	1,782,825	0	1,782,825
Intergovernmental	9,307,000	9,364,592	0	9,364,592
Rental income	55,482	126,953	0	126,953
Charges for services	74,500	123,384	0	123,384
Fines and forfeits	0	2,800	0	2,800
Miscellaneous	116,000	219,389	560	219,949
Total revenues	11,262,982	11,619,943	560	11,620,503
<u>Expenditures</u>				
Current - departmental:				
Central services	0	0	703,000	703,000
Public works	10,985,703	10,317,522	151,766	10,469,288
Total expenditures	10,985,703	10,317,522	854,766	11,172,288
Excess (deficiency) of revenues over expenditures	277,279	1,302,421	(854,206)	448,215
<u>Other financing sources (uses)</u>				
Transfers out	(1,032,752)	(1,032,752)	703,000	(329,752)
Total other financing sources (uses)	(1,032,752)	(1,032,752)	703,000	(329,752)
Net change in fund balance	(755,473)	269,669	(151,206)	118,463
Fund balance, July 1, 2014	4,067,147	4,067,147	1,108,398	5,175,545
Fund balance, June 30, 2015	3,311,674	4,336,816	957,192	5,294,008

Solid Waste and Recycling Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
Revenues				
Licenses and permits	839,468	839,053	0	839,053
Intergovernmental	7,000	6,500	0	6,500
Charges for services	0	8	0	8
Miscellaneous	3,000	8,332	107	8,439
Total revenues	849,468	853,893	107	854,000
Expenditures				
Current - departmental:				
Central services	0	0	104,000	104,000
Planning and development	845,968	664,028	(25,000)	639,028
Total expenditures	845,968	664,028	79,000	743,028
Excess (deficiency) of revenues over expenditures	3,500	189,865	(78,893)	110,972
Other financing sources (uses)				
Transfers out	(104,000)	(104,000)	104,000	0
Total other financing sources (uses)	(104,000)	(104,000)	104,000	0
Net change in fund balance	(100,500)	85,865	25,107	110,972
Fund balance, July 1, 2014	515,030	515,030	142	515,172
Fund balance, June 30, 2015	414,530	600,895	25,249	626,144

Special Assessment Management Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Charges for services	45,220	53,013	0	53,013
Special assessments	0	0	21,321	21,321
Miscellaneous	11,050	22,613	141	22,754
Total revenues	56,270	75,626	21,462	97,088
<u>Expenditures</u>				
Current - departmental:				
Central services	91,157	81,594	9,000	90,594
Total expenditures	91,157	81,594	9,000	90,594
Excess (deficiency) of revenues over expenditures	(34,887)	(5,968)	12,462	6,494
<u>Other financing sources (uses)</u>				
Principal payments received	5,000	21,321	(21,321)	0
Loans - deferred assessments	(30,000)	0	0	0
Transfers in	30,000	0	0	0
Transfers out	(9,000)	(9,000)	9,000	0
Total other financing sources (uses)	(4,000)	12,321	(12,321)	0
Net change in fund balance	(38,887)	6,353	141	6,494
Fund balance, July 1, 2014	1,243,009	1,243,009	315	1,243,324
Fund balance, June 30, 2015	1,204,122	1,249,362	456	1,249,818

Telecom Registration and Licensing Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Licenses and permits	2,900,000	2,818,523	0	2,818,523
Miscellaneous	0	30,910	635	31,545
Total revenues	2,900,000	2,849,433	635	2,850,068
<u>Expenditures</u>				
Current - departmental:				
Central services	4,712,755	2,781,949	27,556	2,809,505
Capital outlay	169,850	0	0	0
Total expenditures	4,882,605	2,781,949	27,556	2,809,505
Excess (deficiency) of revenues over expenditures	(1,982,605)	67,484	(26,921)	40,563
<u>Other financing sources (uses)</u>				
Transfers out	(490,000)	(490,000)	40,000	(450,000)
Total other financing sources (uses)	(490,000)	(490,000)	40,000	(450,000)
Net change in fund balance	(2,472,605)	(422,516)	13,079	(409,437)
Fund balance, July 1, 2014	6,496,868	6,496,868	11,510	6,508,378
Fund balance, June 30, 2015	4,024,263	6,074,352	24,589	6,098,941

Urban Renewal Agency General Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
Revenues				
Rental income	5,700	18,000	0	18,000
Charges for services	0	932	0	932
Repayment of revolving loans	0	0	780,832	780,832
Miscellaneous	63,000	49,373	377	49,750
Total revenues	68,700	68,305	781,209	849,514
Expenditures				
Current - departmental:				
Central services	0	0	21,000	21,000
Planning and development	111,000	102,763	39,000	141,763
Loans granted	1,336,085	60,000	(60,000)	0
Total expenditures	1,447,085	162,763	0	162,763
Excess (deficiency) of revenues over expenditures	(1,378,385)	(94,458)	781,209	686,751
Other financing sources (uses)				
Principal payments received	450,000	780,832	(780,832)	0
Transfers in	111,000	98,285	0	98,285
Total other financing sources (uses)	561,000	879,117	(780,832)	98,285
Net change in fund balance	(817,385)	784,659	377	785,036
Fund balance, July 1, 2014	835,035	835,035	206	835,241
Fund balance, June 30, 2015	17,650	1,619,694	583	1,620,277

Urban Renewal Agency Riverfront Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Taxes	1,280,000	1,275,548	0	1,275,548
Rental income	63,000	63,000	0	63,000
Miscellaneous	21,164	41,084	1,231	42,315
Total revenues	1,364,164	1,379,632	1,231	1,380,863
<u>Expenditures</u>				
Current - departmental:				
Central services	0	0	17,000	17,000
Planning and development	237,164	157,375	(17,000)	140,375
Total expenditures	237,164	157,375	0	157,375
Excess (deficiency) of revenues over expenditures	1,127,000	1,222,257	1,231	1,223,488
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	1,127,000	1,222,257	1,231	1,223,488
Fund balance, July 1, 2014	7,061,126	7,061,126	1,784	7,062,910
Fund balance, June 30, 2015	8,188,126	8,283,383	3,015	8,286,398

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DEBT SERVICE FUNDS

None of the City's debt service funds meet the criteria for major fund reporting. Therefore, the combining statements for all individual debt service funds are reported here. The combined totals are reported in the combining nonmajor governmental fund statements at B-1 and B-2.

Schedules of revenues, expenditures, and changes in fund balance - budget and actual are also presented here for each individual debt service fund.

Nonmajor Debt Service Funds:

General Obligation Debt Service Fund - To account for the accumulation of resources for, and the payment of, general obligation indebtedness of the City, excluding debt accounted for as proprietary fund or special assessment debt. The debt service is financed through property taxes and interest income.

Special Assessment Bond Debt Service Fund - To account for special assessment receivables and the servicing of the related bonded debt. The debt service is financed through special assessment principal and interest collections and interest income.

Urban Renewal Agency Debt Service Fund - To account for the accumulation of tax increment resources and payment of Tax Increment Bonds.

Combining Balance Sheet*Nonmajor Debt Service Funds*

June 30, 2015

(amounts in dollars)

	General <u>Obligation</u>	Special Assessment <u>Bond</u>	Urban Renewal <u>Agency</u>	<u>Total</u>
<u>Assets</u>				
Equity in pooled cash and investments	267,789	426,143	1,345,565	2,039,497
Receivables:				
Interest	231,725	0	40,598	272,323
Taxes	1,018,028	0	147,910	1,165,938
Assessments	0	281,067	0	281,067
Due from other governments	87,160	0	12,075	99,235
Assets held for resale	0	1,541	0	1,541
Total assets	1,604,702	708,751	1,546,148	3,859,601
<hr/>				
Total liabilities	0	0	0	0
<hr/>				
<u>Deferred inflows of resources</u>				
Unavailable revenue	1,249,753	273,033	188,507	1,711,293
Total deferred inflows of resources	1,249,753	273,033	188,507	1,711,293
<hr/>				
<u>Fund balances</u>				
Nonspendable	0	1,541	0	1,541
Restricted	354,949	434,177	1,357,641	2,146,767
Total fund balances	354,949	435,718	1,357,641	2,148,308
<hr/>				
Total liabilities, deferred inflows of resources, and fund balances	1,604,702	708,751	1,546,148	3,859,601

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Debt Service Funds

For the fiscal year ended June 30, 2015

(amounts in dollars)

	General Obligation	Special Assessment Bond	Urban Renewal Agency	Total
<u>Revenues</u>				
Taxes	13,972,976	0	1,945,547	15,918,523
Special assessments	0	78,969	0	78,969
Miscellaneous	26,706	25,679	13,681	66,066
Total revenues	13,999,682	104,648	1,959,228	16,063,558
<u>Expenditures</u>				
Debt service:				
Principal	12,954,700	88,317	1,835,000	14,878,017
Interest	766,268	24,553	267,020	1,057,841
Total expenditures	13,720,968	112,870	2,102,020	15,935,858
Excess (deficiency) of revenues over expenditures	278,714	(8,222)	(142,792)	127,700
<u>Other financing sources (uses)</u>				
Transfers out	0	0	(98,285)	(98,285)
Total other financing sources (uses)	0	0	(98,285)	(98,285)
Net change in fund balances	278,714	(8,222)	(241,077)	29,415
Fund balances, July 1, 2014	76,235	443,940	1,598,718	2,118,893
Fund balances, June 30, 2015	354,949	435,718	1,357,641	2,148,308

General Obligation Debt Service Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Taxes	13,645,596	13,972,976	0	13,972,976
Miscellaneous	10,000	26,607	99	26,706
Total revenues	13,655,596	13,999,583	99	13,999,682
<u>Expenditures</u>				
Debt service	13,731,833	13,720,968	0	13,720,968
Total expenditures	13,731,833	13,720,968	0	13,720,968
Excess (deficiency) of revenues over expenditures	(76,237)	278,615	99	278,714
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	(76,237)	278,615	99	278,714
Fund balance, July 1, 2014	76,237	76,237	(2)	76,235
Fund balance, June 30, 2015	0	354,852	97	354,949

Special Assessment Bond Debt Service Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	Actual			GAAP basis
	Budget	Budget basis	Adjustment	
Revenues				
Special assessments	0	0	78,969	78,969
Miscellaneous	47,900	25,632	47	25,679
Total revenues	47,900	25,632	79,016	104,648
Expenditures				
Debt service	412,694	112,870	0	112,870
Total expenditures	412,694	112,870	0	112,870
Excess (deficiency) of revenues over expenditures	(364,794)	(87,238)	79,016	(8,222)
Other financing sources (uses)				
Principal payments received	350,900	78,969	(78,969)	0
Transfers out	(10,000)	0	0	0
Total other financing sources (uses)	340,900	78,969	(78,969)	0
Net change in fund balance	(23,894)	(8,269)	47	(8,222)
Fund balance, July 1, 2014	443,831	443,831	109	443,940
Fund balance, June 30, 2015	419,937	435,562	156	435,718

Urban Renewal Agency Debt Service Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Taxes	1,900,000	1,945,547	0	1,945,547
Miscellaneous	9,000	13,592	89	13,681
Total revenues	1,909,000	1,959,139	89	1,959,228
<u>Expenditures</u>				
Debt service	2,130,000	2,102,020	0	2,102,020
Total expenditures	2,130,000	2,102,020	0	2,102,020
Excess (deficiency) of revenues over expenditures	(221,000)	(142,881)	89	(142,792)
<u>Other financing sources (uses)</u>				
Transfers out	(111,000)	(98,285)	0	(98,285)
Total other financing sources (uses)	(111,000)	(98,285)	0	(98,285)
Net change in fund balance	(332,000)	(241,166)	89	(241,077)
Fund balance, July 1, 2014	1,598,317	1,598,317	401	1,598,718
Fund balance, June 30, 2015	1,266,317	1,357,151	490	1,357,641

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CAPITAL PROJECTS FUNDS

Combining statements for all individual nonmajor capital projects funds are reported here. The combined totals are reported in the combining nonmajor governmental fund statements at B-1 and B-2. Fund statements for major capital projects funds are reported in Exhibits 3 and 4 of the basic financial statements.

Schedules of revenues, expenditures, and changes in fund balance - budget and actual are also presented here for each individual capital projects fund.

Major Capital Projects Funds:

General Capital Projects Fund - To account for the financing and construction of capital facilities not financed by proprietary or other capital projects funds. General Fund revenues, Federal and State grants, donations, and bond proceeds provide the financing for the expenditures of this fund.

Systems Development Capital Projects Fund - To account for construction of the non-assessable portion of capacity-enhancing capital projects. Financing is provided by a systems development charge levied against developing properties. Expenditures are restricted by state law to capacity-enhancing projects for the following systems: transportation, sanitary sewers, storm sewers, and parks facilities.

Nonmajor Capital Projects Funds:

Special Assessment Capital Projects Fund - To account for the interim financing and related costs of construction for public improvements which primarily benefit the property owners against whose properties special assessments are levied. Construction-period financing is obtained through issuance of bond anticipation notes, and the debt service thereon is financed through special assessment collections, proceeds of long-term bonded debt, and interest on investments.

Transportation Capital Projects Fund - To account for revenues from dedicated sources and related nondevelopment transportation capital project expenditures. Revenues are generated primarily from a \$0.05 per gallon local motor vehicle fuel tax, transportation grants, and the 2008 Street Bond.

Urban Renewal Agency Capital Projects Fund - To account for costs of constructing and improving capital facilities in the Downtown District. Financing is provided by transfers from the Urban Renewal Agency Fund and interest on investments.

Urban Renewal Agency Riverfront Capital Projects Fund - To account for costs of constructing and improving capital facilities in the Riverfront District. Financing is provided by transfers from the Urban Renewal Agency Riverfront Fund and interest on investments.

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2015

(amounts in dollars)

	Special Assessment	Transportation	Urban Renewal Agency	Urban Renewal Agency Riverfront	Total
Assets					
Equity in pooled cash and investments	2,684,420	4,667,927	536,460	870,148	8,758,955
Receivables:					
Accounts	0	2,989	0	0	2,989
Assessments	89,083	0	0	0	89,083
Due from other governments	0	650,346	0	0	650,346
Assets held for resale	265	0	860,160	990,000	1,850,425
Total assets	2,773,768	5,321,262	1,396,620	1,860,148	11,351,798
Liabilities					
Accounts payable	0	1,012,523	0	1,200	1,013,723
Due to other governments	0	40,979	0	0	40,979
Deposits	1,084,955	0	0	0	1,084,955
Total liabilities	1,084,955	1,053,502	0	1,200	2,139,657
Deferred inflows of resources					
Unavailable revenue	89,348	0	0	0	89,348
Total deferred inflows of resources	89,348	0	0	0	89,348
Fund balances					
Nonspendable	265	0	860,160	990,000	1,850,425
Restricted	0	4,267,760	536,460	868,948	5,673,168
Committed	1,599,200	0	0	0	1,599,200
Total fund balances	1,599,465	4,267,760	1,396,620	1,858,948	9,122,793
Total liabilities, deferred inflows of resources, and fund balances	2,773,768	5,321,262	1,396,620	1,860,148	11,351,798

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the fiscal year ended June 30, 2015

(amounts in dollars)

	Special Assessment	Transportation	Urban Renewal Agency	Urban Renewal Agency Riverfront	Total
<u>Revenues</u>					
Taxes	0	2,996,958	0	0	2,996,958
Intergovernmental	0	747,367	0	0	747,367
Rental income	0	25,159	0	0	25,159
Charges for services	0	335,321	0	0	335,321
Special assessments	19,791	0	0	0	19,791
Miscellaneous	17,048	21,720	2,826	4,606	46,200
Total revenues	36,839	4,126,525	2,826	4,606	4,170,796
<u>Expenditures</u>					
Debt service:					
Issuance costs	0	3,682	0	0	3,682
Capital outlay	0	11,825,185	2,540	20,270	11,847,995
Total expenditures	0	11,828,867	2,540	20,270	11,851,677
Excess (deficiency) of revenues over expenditures	36,839	(7,702,342)	286	(15,664)	(7,680,881)
<u>Other financing sources (uses)</u>					
Proceeds of debt issuance	0	6,800,000	0	0	6,800,000
Transfers in	0	224,752	0	0	224,752
Total other financing sources (uses)	0	7,024,752	0	0	7,024,752
Net change in fund balances	36,839	(677,590)	286	(15,664)	(656,129)
Fund balances, July 1, 2014	1,562,626	4,945,350	1,396,334	1,874,612	9,778,922
Fund balances, June 30, 2015	1,599,465	4,267,760	1,396,620	1,858,948	9,122,793

General Capital Projects Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Rental income	15,000	14,257	0	14,257
Miscellaneous	6,329,150	4,209,371	2,400	4,211,771
Total revenues	6,344,150	4,223,628	2,400	4,226,028
<u>Expenditures</u>				
Current - departmental:				
Library, recreation, and cultural services	20,000	0	0	0
Debt service	50,000	5,106	0	5,106
Capital outlay	37,803,463	11,645,861	0	11,645,861
Total expenditures	37,873,463	11,650,967	0	11,650,967
Excess (deficiency) of revenues over expenditures	(31,529,313)	(7,427,339)	2,400	(7,424,939)
<u>Other financing sources (uses)</u>				
Proceeds of debt issuance	9,561,325	1,900,000	0	1,900,000
Transfers in	6,765,557	6,762,857	0	6,762,857
Total other financing sources (uses)	16,326,882	8,662,857	0	8,662,857
Net change in fund balance	(15,202,431)	1,235,518	2,400	1,237,918
Fund balance, July 1, 2014	15,902,610	15,902,610	3,930	15,906,540
Fund balance, June 30, 2015	700,179	17,138,128	6,330	17,144,458

Special Assessment Capital Projects Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Special assessments	0	0	19,791	19,791
Miscellaneous	17,700	16,706	342	17,048
Total revenues	17,700	16,706	20,133	36,839
<u>Expenditures</u>				
Capital outlay	67,064	0	0	0
Total expenditures	67,064	0	0	0
Excess (deficiency) of revenues over expenditures	(49,364)	16,706	20,133	36,839
<u>Other financing sources (uses)</u>				
Principal payments received	11,500	19,791	(19,791)	0
Transfers out	(20,000)	0	0	0
Total other financing sources (uses)	(8,500)	19,791	(19,791)	0
Net change in fund balance	(57,864)	36,497	342	36,839
Fund balance, July 1, 2014	1,561,990	1,561,990	636	1,562,626
Fund balance, June 30, 2015	1,504,126	1,598,487	978	1,599,465

Systems Development Capital Projects Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	Actual			GAAP basis
	Budget	Budget basis	Adjustment	
<u>Revenues</u>				
Intergovernmental	173,800	0	0	0
Rental income	100,000	131,751	0	131,751
Charges for services	2,963,400	6,055,062	0	6,055,062
Miscellaneous	93,200	163,002	3,442	166,444
Total revenues	3,330,400	6,349,815	3,442	6,353,257
<u>Expenditures</u>				
Current - departmental:				
Central services	0	0	34,000	34,000
Planning and development	83,518	80,380	0	80,380
Public works	335,821	330,961	0	330,961
Capital outlay	6,755,184	2,034,025	0	2,034,025
Total expenditures	7,174,523	2,445,366	34,000	2,479,366
Excess (deficiency) of revenues over expenditures	(3,844,123)	3,904,449	(30,558)	3,873,891
<u>Other financing sources (uses)</u>				
Transfers out	(34,000)	(34,000)	34,000	0
Total other financing sources (uses)	(34,000)	(34,000)	34,000	0
Net change in fund balance	(3,878,123)	3,870,449	3,442	3,873,891
Fund balance, July 1, 2014	17,006,703	17,006,703	4,205	17,010,908
Fund balance, June 30, 2015	13,128,580	20,877,152	7,647	20,884,799

Transportation Capital Projects Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Taxes	2,940,000	2,996,958	0	2,996,958
Intergovernmental	3,507,974	747,367	0	747,367
Rental income	30,000	25,159	0	25,159
Charges for services	15,134	335,321	0	335,321
Miscellaneous	0	21,314	406	21,720
Total revenues	6,493,108	4,126,119	406	4,126,525
<u>Expenditures</u>				
Debt service	10,000	3,682	0	3,682
Capital outlay	19,740,368	11,825,185	0	11,825,185
Total expenditures	19,750,368	11,828,867	0	11,828,867
Excess (deficiency) of revenues over expenditures	(13,257,260)	(7,702,748)	406	(7,702,342)
<u>Other financing sources (uses)</u>				
Proceeds of debt issuance	8,342,733	6,800,000	0	6,800,000
Transfers in	224,752	224,752	0	224,752
Total other financing sources (uses)	8,567,485	7,024,752	0	7,024,752
Net change in fund balance	(4,689,775)	(677,996)	406	(677,590)
Fund balance, July 1, 2014	4,944,056	4,944,056	1,294	4,945,350
Fund balance, June 30, 2015	254,281	4,266,060	1,700	4,267,760

Urban Renewal Agency Capital Projects Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Miscellaneous	2,000	2,766	60	2,826
Total revenues	2,000	2,766	60	2,826
<u>Expenditures</u>				
Capital outlay	518,512	2,540	0	2,540
Total expenditures	518,512	2,540	0	2,540
Excess (deficiency) of revenues over expenditures	(516,512)	226	60	286
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	(516,512)	226	60	286
Fund balance, July 1, 2014	536,038	536,038	860,296	1,396,334
Fund balance, June 30, 2015	19,526	536,264	860,356	1,396,620

Urban Renewal Agency Riverfront Capital Projects Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	Actual			GAAP basis
	<u>Budget</u>	<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Miscellaneous	2,195	4,514	92	4,606
Total revenues	2,195	4,514	92	4,606
<u>Expenditures</u>				
Capital outlay	393,156	20,270	0	20,270
Total expenditures	393,156	20,270	0	20,270
Excess (deficiency) of revenues over expenditures	(390,961)	(15,756)	92	(15,664)
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	(390,961)	(15,756)	92	(15,664)
Fund balance, July 1, 2014	884,388	884,388	990,224	1,874,612
Fund balance, June 30, 2015	493,427	868,632	990,316	1,858,948

ENTERPRISE FUNDS

All of the City's enterprise funds meet the criteria for major fund reporting and are reported in Exhibits 6, 7, and 8 of the basic financial statements.

Schedules of revenues, expenses, and changes in fund net position - budget and actual are presented here for each individual enterprise fund.

Major Enterprise Funds:

Ambulance Transport Fund - To account for the operations of emergency medical services provided to the public. Revenues are provided by user charges.

Municipal Airport Fund - To account for the operations of the municipal airport. Principal sources of revenues are rental of terminal space to airlines and other service providers, landing fees, and parking fees. The fund receives Airport Improvement Program monies from the Federal Aviation Administration for capital improvements. The fund also imposes passenger facility charges on passengers utilizing the airport, the proceeds of which are restricted for use in financing eligible projects, as determined by regulation.

Parking Services Fund - To account for operations of City-owned parking facilities. Revenue sources include parking fees and fines, meter receipts, and rentals. The revenue is used to operate and maintain the parking facilities.

Stormwater Utility Fund - To account for the operation, construction, and maintenance of the stormwater drainage system and the wetland resource protection and enhancement program. Primary revenues are stormwater user fees and the sale of wetland mitigation credits.

Wastewater Utility Fund - To account for the operation, construction, and maintenance of the wastewater collection and treatment system. Primary revenues are wastewater user fees.

Ambulance Transport Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
Revenues				
Intergovernmental	377,482	377,714	0	377,714
Charges for services	6,657,915	7,664,189	0	7,664,189
Miscellaneous	102,399	133,807	123	133,930
Total revenues	7,137,796	8,175,710	123	8,175,833
Expenses				
Current - departmental:				
Central services	0	0	573,000	573,000
Fire and emergency medical services	7,230,536	7,004,681	(1,939,491)	5,065,190
Debt service	0	0	134,976	134,976
Depreciation	0	0	49,174	49,174
Total expenses	7,230,536	7,004,681	(1,182,341)	5,822,340
Excess (deficiency) of revenues over expenses	(92,740)	1,171,029	1,182,464	2,353,493
Other financing sources (uses)				
Transfers out	(947,031)	(947,031)	378,264	(568,767)
Total other financing sources (uses)	(947,031)	(947,031)	378,264	(568,767)
Change in net position	(1,039,771)	223,998	1,560,728	1,784,726
Total net position, July 1, 2014	1,074,775	1,074,775	556,594	1,631,369
Change in accounting principle (Note 5I)	0	0	(2,167,181)	(2,167,181)
Prior period adjustment (Note 5J)	0	0	(2,018,186)	(2,018,186)
Total net position, July 1, 2014, as restated	1,074,775	1,074,775	(3,628,773)	(2,553,998)
Total net position, June 30, 2015	35,004	1,298,773	(2,068,045)	(769,272)

Municipal Airport Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP basis
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Intergovernmental	9,880,262	6,290,807	(6,290,807)	0
Rental income	3,399,541	3,711,608	0	3,711,608
Charges for services	5,580,380	5,714,863	0	5,714,863
Fines and forfeits	7,100	3,043	0	3,043
Miscellaneous	29,178	93,999	(16,232)	77,767
Total revenues	18,896,461	15,814,320	(6,307,039)	9,507,281
<u>Expenses</u>				
Current - departmental:				
Central services	0	0	508,000	508,000
Fire and emergency medical services	805,760	805,659	(283,909)	521,750
Police	530,004	512,415	(143,446)	368,969
Public works	6,405,731	6,346,607	(927,800)	5,418,807
Debt service	0	0	116,731	116,731
Capital outlay	18,209,521	9,248,168	(9,248,168)	0
Depreciation	0	0	4,816,964	4,816,964
Total expenses	25,951,016	16,912,849	(5,161,628)	11,751,221
Excess (deficiency) of revenues over expenses	(7,054,555)	(1,098,529)	(1,145,411)	(2,243,940)
<u>Other financing sources (uses)</u>				
Principal payments received	6,415	12,800	(12,800)	0
Capital contributions	0	0	6,308,283	6,308,283
Transfers out	(508,000)	(508,000)	368,723	(139,277)
Total other financing sources (uses)	(501,585)	(495,200)	6,664,206	6,169,006
Change in net position	(7,556,140)	(1,593,729)	5,518,795	3,925,066
Total net position, July 1, 2014	17,227,922	17,227,922	75,897,422	93,125,344
Change in accounting principle (Note 5I)	0	0	(1,799,934)	(1,799,934)
Prior period adjustment (Note 5J)	0	0	(1,819,422)	(1,819,422)
Total net position, July 1, 2014, as restated	17,227,922	17,227,922	72,278,066	89,505,988
Total net position, June 30, 2015	9,671,782	15,634,193	77,796,861	93,431,054

Parking Services Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP basis
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Rental income	482,000	566,247	(623)	565,624
Charges for services	3,756,680	4,553,260	0	4,553,260
Fines and forfeits	967,500	1,518,351	0	1,518,351
Miscellaneous	624,611	8,343	98	8,441
Total revenues	5,830,791	6,646,201	(525)	6,645,676
<u>Expenses</u>				
Current - departmental:				
Central services	320,011	344,232	167,545	511,777
Planning and development	3,470,768	3,366,118	(238,673)	3,127,445
Public works	49,912	47,163	(9,549)	37,614
Capital outlay	34,801	0	0	0
Debt service	0	0	28,240	28,240
Depreciation	0	0	800,338	800,338
Total expenses	3,875,492	3,757,513	747,901	4,505,414
Excess (deficiency) of revenues over expenses	1,955,299	2,888,688	(748,426)	2,140,262
<u>Other financing sources (uses)</u>				
Transfers out	(1,940,100)	(1,940,100)	226,000	(1,714,100)
Total other financing sources (uses)	(1,940,100)	(1,940,100)	226,000	(1,714,100)
Change in net position	15,199	948,588	(522,426)	426,162
Total net position, July 1, 2014	12,964	12,964	16,278,560	16,291,524
Change in accounting principle (Note 5I)	0	0	(460,223)	(460,223)
Prior period adjustment (Note 5J)	0	0	(456,569)	(456,569)
Total net position, July 1, 2014, as restated	12,964	12,964	15,361,768	15,374,732
Total net position, June 30, 2015	28,163	961,552	14,839,342	15,800,894

Stormwater Utility Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
Revenues				
Licenses and permits	108,500	118,960	0	118,960
Intergovernmental	1,201,282	242,012	(56,515)	185,497
Rental income	30,000	22,227	0	22,227
Charges for services	15,495,348	16,210,511	540,789	16,751,300
Fines and forfeits	0	3,960	0	3,960
Miscellaneous	22,600	72,549	230	72,779
Total revenues	16,857,730	16,670,219	484,504	17,154,723
Expenses				
Current - departmental:				
Central services	0	0	870,000	870,000
Public works	14,247,257	13,111,724	(1,988,010)	11,123,714
Capital outlay	7,756,368	3,707,102	(3,707,102)	0
Debt service	0	0	197,849	197,849
Depreciation	0	0	1,844,935	1,844,935
Intergovernmental	15,000	450	(450)	0
Total expenses	22,018,625	16,819,276	(2,782,778)	14,036,498
Excess (deficiency) of revenues over expenses	(5,160,895)	(149,057)	3,267,282	3,118,225
Other financing sources (uses)				
Capital contributions	0	0	380,873	380,873
Transfers out	(1,005,000)	(1,005,000)	870,000	(135,000)
Total other financing sources (uses)	(1,005,000)	(1,005,000)	1,250,873	245,873
Change in net position	(6,165,895)	(1,154,057)	4,518,155	3,364,098
Total net position, July 1, 2014	7,306,277	7,306,277	57,063,550	64,369,827
Change in accounting principle (Note 5I)	0	0	(2,648,434)	(2,648,434)
Prior period adjustment (Note 5J)	0	0	(2,578,829)	(2,578,829)
Total net position, July 1, 2014, as restated	7,306,277	7,306,277	51,836,287	59,142,564
Total net position, June 30, 2015	1,140,382	6,152,220	56,354,442	62,506,662

Wastewater Utility Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
Revenues				
Rental income	0	16,234	0	16,234
Charges for services	51,104,723	46,299,032	(23,888,320)	22,410,712
Fines and forfeits	5,000	2,750	0	2,750
Miscellaneous	24,000	56,400	692	57,092
Total revenues	51,133,723	46,374,416	(23,887,628)	22,486,788
Expenses				
Current - departmental:				
Central services	0	0	1,357,000	1,357,000
Public works	22,628,367	19,414,411	(3,199,284)	16,215,127
Capital outlay	4,309,197	1,574,966	(1,574,966)	0
Debt service	0	0	283,707	283,707
Depreciation	0	0	3,971,769	3,971,769
Loss on sale of capital asset	0	0	6,846	6,846
Intergovernmental	25,490,500	23,888,320	(23,888,320)	0
Total expenses	52,428,064	44,877,697	(23,043,248)	21,834,449
Excess (deficiency) of revenues over expenses	(1,294,341)	1,496,719	(844,380)	652,339
Other financing sources (uses)				
Capital contributions	0	0	250,780	250,780
Transfers in	0	0	260,570	260,570
Transfers out	(1,492,000)	(1,492,000)	1,338,750	(153,250)
Total other financing sources (uses)	(1,492,000)	(1,492,000)	1,850,100	358,100
Change in net position	(2,786,341)	4,719	1,005,720	1,010,439
Total net position, July 1, 2014	4,425,700	4,425,700	91,017,058	95,442,758
Change in accounting principle (Note 5I)	0	0	(3,914,160)	(3,914,160)
Prior period adjustment (Note 5J)	0	0	(3,915,912)	(3,915,912)
Total net position, July 1, 2014, as restated	4,425,700	4,425,700	83,186,986	87,612,686
Total net position, June 30, 2015	1,639,359	4,430,419	84,192,706	88,623,125

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INTERNAL SERVICE FUNDS

Combining statements for all internal service funds are reported here. The combined totals are reported alongside the individual enterprise funds in Exhibits 6, 7, and 8 of the basic financial statements.

Schedules of revenues, expenses, and changes in fund net position - budget and actual are also presented here for each individual internal service fund.

Nonmajor Internal Service Funds:

Facilities Services Fund - To account for facility maintenance services on City buildings. Facility maintenance rates and rental rates are charged on the basis of square footage and are set to recover the full cost of services provided.

Fleet Services Fund - To account for the purchase of vehicles and equipment and the maintenance thereon. Fleet user charges cover vehicle and equipment maintenance expenses as well as the replacement of vehicles and equipment sold or removed from use.

Information Systems and Services Fund - To account for data processing and reproduction, equipment acquisition and maintenance, postage, telephone, and printing/graphic services provided to other City funds. The fund also accounts for the implementation and maintenance of public safety information systems and central business software applications. User charges cover the cost of operations and supplies.

Professional Services Fund - To account for engineering services performed by public works personnel for other City funds. Revenues are provided by charges for these services.

Risk and Benefits Fund - To account for costs of the City's self-insurance program. The City is self-insured for workers' compensation, unemployment compensation, general liability, and employee medical and dental insurance. An actuarial valuation is the basis for recording the claims liability. User charges are based on actual experience or an estimate, depending on the nature of the insurance. This fund also accounts for the accumulation of resources for and payment of the City's pension bonds and other post employment benefits.

Combining Statement of Net Position

All Internal Service Funds

June 30, 2015

(amounts in dollars)

	Facilities Services	Fleet Services	Information Systems and Services	Professional Services	Risk and Benefits	Total
Assets						
Current assets						
Equity in pooled cash and investments	3,962,753	17,901,125	7,593,122	4,389,645	28,600,204	62,446,849
Receivables:						
Accounts	14,936	7,049	0	119,949	359,267	501,201
Allowance for uncollectibles	(210)	(5,256)	0	(2,397)	(2,744)	(10,607)
Due from other governments	0	103,014	343,746	121,843	43,359	611,962
Inventories	0	462,261	0	0	0	462,261
Prepays and deposits	19,564	0	46,844	14,810	296,068	377,286
Total current assets	3,997,043	18,468,193	7,983,712	4,643,850	29,296,154	64,388,952
Noncurrent assets						
Net pension asset	743,141	483,020	403,498	840,586	360,192	2,830,437
Capital assets:						
Land	0	455,834	0	0	0	455,834
Improvements other than buildings	0	51,913	0	0	0	51,913
Buildings and equipment	4,153,010	46,839,822	1,338,682	315,436	7,995	52,654,945
Construction in progress	439,439	44,204	0	0	0	483,643
Accumulated depreciation	(1,668,308)	(28,321,013)	(1,055,242)	(176,732)	(3,465)	(31,224,760)
Total noncurrent assets	3,667,282	19,553,780	686,938	979,290	364,722	25,252,012
Deferred outflows of resources						
Related to pensions	303,242	185,056	150,252	330,837	114,640	1,084,027
Total deferred outflows of resources	303,242	185,056	150,252	330,837	114,640	1,084,027
Total assets and deferred outflows of resources	7,967,567	38,207,029	8,820,902	5,953,977	29,775,516	90,724,991
Liabilities						
Current liabilities						
Accounts payable	112,474	397,277	107,508	13,097	24,934	655,290
Wages payable	166,675	112,595	89,242	202,929	107,533	678,974
Compensated absences payable	221,124	137,826	145,887	239,311	85,842	829,990
Due to other governments	177,805	8,316	20,441	54,139	179	260,880
Claims payable	0	0	0	0	12,172,588	12,172,588
Deposits	880	0	0	0	79,477	80,357
Interest payable	9,247	3,905	3,130	7,055	27,385	50,722
Unearned revenue	54,940	948	0	0	0	55,888
Certificates of participation payable	180,000	0	0	0	0	180,000
Bonds payable	24,019	14,181	11,359	25,620	99,516	174,695
Total current liabilities	947,164	675,048	377,567	542,151	12,597,454	15,139,384
Noncurrent liabilities						
Compensated absences payable	1,936	20,820	9,889	2,957	38,204	73,806
Certificates of participation payable	390,000	0	0	0	0	390,000
Bonds payable (net of unamortized discount/premium)	1,411,736	833,489	667,606	1,505,862	5,848,978	10,267,671
Net OPEB obligation	0	0	0	0	3,050,124	3,050,124
Total noncurrent liabilities	1,803,672	854,309	677,495	1,508,819	8,937,306	13,781,601
Deferred inflows of resources						
Related to pensions	1,501,067	916,039	743,757	1,637,668	567,476	5,366,007
Total deferred inflows of resources	1,501,067	916,039	743,757	1,637,668	567,476	5,366,007
Total liabilities and deferred inflows of resources	4,251,903	2,445,396	1,798,819	3,688,638	22,102,236	34,286,992
Net position						
Net investment in capital assets	2,354,141	19,070,760	283,440	138,704	4,530	21,851,575
Unrestricted	1,361,523	16,690,873	6,738,643	2,126,635	7,668,750	34,586,424
Total net position	3,715,664	35,761,633	7,022,083	2,265,339	7,673,280	56,437,999

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Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

All Internal Service Funds

For the fiscal year ended June 30, 2015

(amounts in dollars)

	Facilities Services	Fleet Services	Information Systems and Services	Professional Services	Risk and Benefits	Total
<u>Operating revenues</u>						
Rental income	552,370	15,095	0	0	0	567,465
Charges for services	8,495,789	9,387,536	7,329,301	5,847,679	32,354,553	63,414,858
Miscellaneous	2,467	82,251	0	669	91,038	176,425
Total operating revenues	9,050,626	9,484,882	7,329,301	5,848,348	32,445,591	64,158,748
<u>Operating expenses</u>						
Personnel services	3,810,352	2,374,220	1,861,119	4,185,084	1,019,741	13,250,516
Contractual services	705,470	686,936	861,556	198,696	1,164,465	3,617,123
Materials and supplies	474,145	2,023,302	1,509,785	164,365	151,424	4,323,021
Maintenance	776,831	581,917	274,236	276,225	164,211	2,073,420
Utilities	2,301,203	68,029	480,853	29,240	13,474	2,892,799
Rent	22,361	370	131,646	153,041	122,617	430,035
Taxes	386	0	0	0	0	386
Insurance	72,379	437,366	23,913	27,364	2,679,953	3,240,975
Claims	0	0	0	0	24,310,777	24,310,777
Central business functions	432,000	343,000	259,000	436,000	152,000	1,622,000
Depreciation	107,004	3,444,014	140,453	48,796	533	3,740,800
Pension expense	(698,934)	(426,410)	(346,194)	(762,265)	(264,163)	(2,497,966)
Total operating expenses	8,003,197	9,532,744	5,196,367	4,756,546	29,515,032	57,003,886
Operating income (loss)	1,047,429	(47,862)	2,132,934	1,091,802	2,930,559	7,154,862
<u>Nonoperating revenues (expenses)</u>						
Interest revenue	23,760	88,612	34,753	23,487	150,673	321,285
Interest expense	(140,769)	(62,892)	(51,306)	(113,130)	(429,877)	(797,974)
Gain (loss) on sale of capital assets	(2,479)	143,838	(3,675)	0	0	137,684
Intergovernmental	0	0	0	0	140,812	140,812
Total nonoperating revenues (expenses)	(119,488)	169,558	(20,228)	(89,643)	(138,392)	(198,193)
Income (loss) before capital contributions and transfers	927,941	121,696	2,112,706	1,002,159	2,792,167	6,956,669
Capital contributions	0	374,821	33,049	0	0	407,870
Transfers in	0	1,714,263	0	0	0	1,714,263
Transfers out	(99,023)	(260,570)	0	(135,000)	0	(494,593)
Change in net position	828,918	1,950,210	2,145,755	867,159	2,792,167	8,584,209
Total net position, July 1, 2014	5,829,608	35,549,669	6,267,099	4,545,066	2,256,465	54,447,907
Change in accounting principle (Note 5I)	(1,465,389)	(864,753)	(690,796)	(1,568,923)	(474,738)	(5,064,599)
Prior period adjustment (Note 5J)	(1,477,473)	(873,493)	(699,975)	(1,577,963)	3,099,386	(1,529,518)
Total net position, July 1, 2014, as restated	2,886,746	33,811,423	4,876,328	1,398,180	4,881,113	47,853,790
Total net position, June 30, 2015	3,715,664	35,761,633	7,022,083	2,265,339	7,673,280	56,437,999

Combining Statement of Cash Flows

All Internal Service Funds

For the fiscal year ended June 30, 2015

(amounts in dollars)

	Facilities Services	Fleet Services	Information Systems and Services	Professional Services	Risk and Benefits	Total
<u>Cash flows from operating activities</u>						
Cash received from customers	1,054,478	283,808	3,937,899	5,686,194	4,598,185	15,560,564
Cash received from interfund services provided	8,019,527	8,903,817	3,522,515	(1,068)	27,972,304	48,417,095
Cash paid to suppliers for goods and services	(3,926,139)	(4,132,090)	(3,552,557)	(531,249)	(27,972,234)	(40,114,269)
Cash paid to employees for services	(3,238,195)	(2,056,238)	(1,689,706)	(3,726,916)	(1,091,622)	(11,802,677)
Cash paid for interfund services used	(1,372,794)	(1,345,160)	(742,757)	(1,073,278)	(439,374)	(4,973,363)
Cash paid for central business functions	(432,000)	(343,000)	(259,000)	(436,000)	(152,000)	(1,622,000)
Net cash provided by (used for) operating activities	104,877	1,311,137	1,216,394	(82,317)	2,915,259	5,465,350
<u>Cash flows from noncapital financing activities</u>						
Transfers in	0	1,362,000	0	0	0	1,362,000
Transfers out	(99,023)	0	0	(135,000)	0	(234,023)
Principal payments on pension bonds	(58,016)	(36,215)	(29,543)	(65,143)	(247,534)	(436,451)
Interest payments on pension bonds	(77,851)	(48,595)	(39,642)	(87,413)	(332,155)	(585,656)
Subsidy from grant	0	0	0	0	140,812	140,812
Net cash provided by (used for) noncapital financing activities	(234,890)	1,277,190	(69,185)	(287,556)	(438,877)	246,682
<u>Cash flows from capital and related financing activities</u>						
Principal payments on notes, bonds, and certificates	(165,000)	0	0	0	0	(165,000)
Interest payments on notes, bonds, and certificates	(40,770)	0	0	0	0	(40,770)
Proceeds from sale of capital assets	0	264,550	349	0	0	264,899
Acquisition and construction of capital assets	(29,856)	(2,673,023)	(21,946)	0	0	(2,724,825)
Net cash provided by (used for) capital and related financing activities	(235,626)	(2,408,473)	(21,597)	0	0	(2,665,696)
<u>Cash flows from investing activities</u>						
Interest revenue	23,760	88,612	34,753	23,487	150,673	321,285
Net cash provided by (used for) investing activities	23,760	88,612	34,753	23,487	150,673	321,285
Net increase (decrease) in cash	(341,879)	268,466	1,160,365	(346,386)	2,627,055	3,367,621
Cash, July 1, 2014	4,304,632	17,632,659	6,432,757	4,736,031	25,973,149	59,079,228
Cash, June 30, 2015	3,962,753	17,901,125	7,593,122	4,389,645	28,600,204	62,446,849

continued

	Facilities <u>Services</u>	Fleet <u>Services</u>	Information Systems and <u>Services</u>	Professional <u>Services</u>	Risk and <u>Benefits</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities						
Operating income (loss)	1,047,429	(47,862)	2,132,934	1,091,802	2,930,559	7,154,862
<u>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</u>						
Depreciation	107,004	3,444,014	140,453	48,796	533	3,740,800
(Increase) Decrease in accounts receivable	(14,456)	(1,793)	5,957	(57,776)	86,513	18,445
Increase (Decrease) in allowance for uncollectibles	210	0	(119)	1,260	0	1,351
(Increase) Decrease in due from other governments	14,249	(102,650)	125,275	(105,637)	28,309	(40,454)
(Increase) Decrease in prepaids and deposits	(2,372)	488	104,324	(1,068)	(135,097)	(33,725)
(Increase) Decrease in inventories	0	(864)	0	0	0	(864)
(Increase) Decrease in deferred outflows related to pensions	(4,334)	(8,663)	(9,343)	(10,808)	(17,803)	(50,951)
(Increase) Decrease in net pension asset	(2,507,438)	(1,524,166)	(1,235,203)	(2,729,538)	(931,767)	(8,928,112)
Increase (Decrease) in deferred inflows related to pensions	1,501,067	916,039	743,757	1,637,668	567,476	5,366,007
Increase (Decrease) in accounts payable	(74,961)	(1,186,262)	(799,071)	(23,353)	(30,285)	(2,113,932)
Increase (Decrease) in wages payable	2,790	15,372	(29,242)	(5,942)	7,645	(9,377)
Increase (Decrease) in compensated absences payable	396	3,405	26,953	28,073	(5,743)	53,084
Increase (Decrease) in net OPEB obligation	0	0	0	0	(199,495)	(199,495)
Increase (Decrease) in claims payable	0	0	0	0	607,017	607,017
Increase (Decrease) in deposits	0	0	0	0	10,076	10,076
Increase (Decrease) in due to other governments	11,917	(2,619)	9,719	44,206	(2,679)	60,544
Increase (Decrease) in unearned revenue	23,376	(193,302)	0	0	0	(169,926)
Net cash provided by (used for) operating activities	104,877	1,311,137	1,216,394	(82,317)	2,915,259	5,465,350

Facilities Services Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP basis
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Rental income	615,100	571,850	(19,480)	552,370
Charges for services	8,502,034	8,495,789	0	8,495,789
Miscellaneous	6,000	25,872	355	26,227
Total revenues	9,123,134	9,093,511	(19,125)	9,074,386
<u>Expenses</u>				
Current - departmental:				
Central services	8,642,834	8,314,600	(729,766)	7,584,834
Planning and development	285,781	258,847	52,512	311,359
Debt service	206,000	205,770	(65,001)	140,769
Capital outlay	524,448	75,573	(75,573)	0
Loss on sale of capital asset	0	0	2,479	2,479
Depreciation	0	0	107,004	107,004
Total expenses	9,659,063	8,854,790	(708,345)	8,146,445
Excess (deficiency) of revenues over expenses	(535,929)	238,721	689,220	927,941
<u>Other financing sources (uses)</u>				
Transfers out	(524,598)	(524,598)	425,575	(99,023)
Total other financing sources (uses)	(524,598)	(524,598)	425,575	(99,023)
Change in net position	(1,060,527)	(285,877)	1,114,795	828,918
Total net position, July 1, 2014	3,795,140	3,795,140	2,034,468	5,829,608
Change in accounting principle (Note 5I)	0	0	(1,465,389)	(1,465,389)
Prior period adjustment (Note 5J)	0	0	(1,477,473)	(1,477,473)
Total net position, July 1, 2014, as restated	3,795,140	3,795,140	(908,394)	2,886,746
Total net position, June 30, 2015	2,734,613	3,509,263	206,401	3,715,664

Fleet Services Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
Revenues				
Rental income	25,000	15,095	0	15,095
Charges for services	9,357,201	9,194,234	193,302	9,387,536
Miscellaneous	346,500	420,910	(250,046)	170,864
Total revenues	9,728,701	9,630,239	(56,744)	9,573,495
Expenses				
Current - departmental:				
Central services	0	0	343,000	343,000
Public works	15,071,296	9,104,879	(3,359,148)	5,745,731
Debt service	0	0	62,892	62,892
Depreciation	0	0	3,444,014	3,444,014
Total expenses	15,071,296	9,104,879	490,758	9,595,637
Excess (deficiency) of revenues over expenses	(5,342,595)	525,360	(547,502)	(22,142)
Other financing sources (uses)				
Capital contributions	0	0	374,821	374,821
Gain on sale of capital assets	0	0	143,838	143,838
Transfers in	1,362,000	1,362,000	352,263	1,714,263
Transfers out	(343,000)	(343,000)	82,430	(260,570)
Total other financing sources (uses)	1,019,000	1,019,000	953,352	1,972,352
Change in net position	(4,323,595)	1,544,360	405,850	1,950,210
Total net position, July 1, 2014	15,936,867	15,936,867	19,612,802	35,549,669
Change in accounting principle (Note 5I)	0	0	(864,753)	(864,753)
Prior period adjustment (Note 5J)	0	0	(873,493)	(873,493)
Total net position, July 1, 2014, as restated	15,936,867	15,936,867	17,874,556	33,811,423
Total net position, June 30, 2015	11,613,272	17,481,227	18,280,406	35,761,633

Information Systems and Services Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Charges for services	7,608,285	7,329,301	0	7,329,301
Miscellaneous	20,300	33,887	866	34,753
Total revenues	7,628,585	7,363,188	866	7,364,054
<u>Expenses</u>				
Current - departmental:				
Central services	7,208,186	5,257,557	(201,643)	5,055,914
Debt service	0	0	51,306	51,306
Loss on sale of capital assets	0	0	3,675	3,675
Depreciation	0	0	140,453	140,453
Total expenses	7,208,186	5,257,557	(6,209)	5,251,348
Excess (deficiency) of revenues over expenses	420,399	2,105,631	7,075	2,112,706
<u>Other financing sources (uses)</u>				
Capital contributions	0	0	33,049	33,049
Transfers out	(259,000)	(259,000)	259,000	0
Total other financing sources (uses)	(259,000)	(259,000)	292,049	33,049
Change in net position	161,399	1,846,631	299,124	2,145,755
Total net position, July 1, 2014	5,870,281	5,870,281	396,818	6,267,099
Change in accounting principle (Note 5I)	0	0	(690,796)	(690,796)
Prior period adjustment (Note 5J)	0	0	(699,975)	(699,975)
Total net position, July 1, 2014, as restated	5,870,281	5,870,281	(993,953)	4,876,328
Total net position, June 30, 2015	6,031,680	7,716,912	(694,829)	7,022,083

Professional Services Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP basis
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Licenses and permits	500	0	0	0
Charges for services	5,690,993	5,847,679	0	5,847,679
Miscellaneous	1,000	23,756	400	24,156
Total revenues	5,692,493	5,871,435	400	5,871,835
<u>Expenses</u>				
Current - departmental:				
Central services	0	0	436,000	436,000
Public works	5,842,360	5,499,979	(1,228,229)	4,271,750
Debt service	0	0	113,130	113,130
Depreciation	0	0	48,796	48,796
Total expenses	5,842,360	5,499,979	(630,303)	4,869,676
Excess (deficiency) of revenues over expenses	(149,867)	371,456	630,703	1,002,159
<u>Other financing sources (uses)</u>				
Transfers out	(571,000)	(571,000)	436,000	(135,000)
Total other financing sources (uses)	(571,000)	(571,000)	436,000	(135,000)
Change in net position	(720,867)	(199,544)	1,066,703	867,159
Total net position, July 1, 2014	4,556,820	4,556,820	(11,754)	4,545,066
Change in accounting principle (Note 5I)	0	0	(1,568,923)	(1,568,923)
Prior period adjustment (Note 5J)	0	0	(1,577,963)	(1,577,963)
Total net position, July 1, 2014, as restated	4,556,820	4,556,820	(3,158,640)	1,398,180
Total net position, June 30, 2015	3,835,953	4,357,276	(2,091,937)	2,265,339

Risk and Benefits Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2015

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Intergovernmental	249,686	461,800	(320,988)	140,812
Charges for services	37,784,987	37,611,662	(5,257,109)	32,354,553
Miscellaneous	472,146	659,975	(418,264)	241,711
Total revenues	38,506,819	38,733,437	(5,996,361)	32,737,076
<u>Expenses</u>				
Current - departmental:				
Central services	33,973,206	30,895,899	(1,381,400)	29,514,499
Debt service	5,784,500	5,784,373	(5,354,496)	429,877
Depreciation	0	0	533	533
Total expenses	39,757,706	36,680,272	(6,735,363)	29,944,909
Excess (deficiency) of revenues over expenses	(1,250,887)	2,053,165	739,002	2,792,167
<u>Other financing sources (uses)</u>				
Transfers out	(152,000)	(152,000)	152,000	0
Total other financing sources (uses)	(152,000)	(152,000)	152,000	0
Change in net position	(1,402,887)	1,901,165	891,002	2,792,167
Total net position, July 1, 2014	10,966,627	10,966,627	(8,710,162)	2,256,465
Change in accounting principle (Note 5I)	0	0	(474,738)	(474,738)
Prior period adjustment (Note 5J)	0	0	3,099,386	3,099,386
Total net position, July 1, 2014, as restated	10,966,627	10,966,627	(6,085,514)	4,881,113
Total net position, June 30, 2015	9,563,740	12,867,792	(5,194,512)	7,673,280

OTHER SUPPLEMENTARY SCHEDULES

Schedule of Property Tax Transactions

For the fiscal year ended June 30, 2015

(amounts in dollars)

<u>Fiscal year</u>	<u>Uncollected balances July 1, 2014</u>	<u>Current year's levy</u>	<u>Adjustments, interest, and discounts</u>	<u>Collections</u>	<u>Uncollected balances June 30, 2015</u>
1965-08	649,789	0	(11,996)	(23,234)	614,559
2009	78,776	0	1,664	(25,708)	54,732
2010	524,972	0	1,660	(39,665)	486,967
2011	700,495	0	54,528	(202,744)	552,279
2012	1,165,265	0	89,886	(602,915)	652,236
2013	1,725,903	0	(84,483)	(515,693)	1,125,727
2014	2,899,778	0	(135,634)	(1,121,450)	1,642,694
2015	0	109,269,488	(3,328,182)	(103,161,668)	2,779,638
Totals	7,744,978	109,269,488	(3,412,557)	(105,693,077)	7,908,832

Summary by fund type

General Fund				(88,499,888)	6,659,517
Special Revenue Funds				(1,275,140)	83,377
Debt Service Funds				(15,918,049)	1,165,938
Totals				(105,693,077)	7,908,832

Schedule of Bonded Debt Transactions

For the fiscal year ended June 30, 2015
(amounts in dollars)

	Issued interest rates	Issue date	Maturity date	Amount issued/ authorized	Outstanding June 30, 2014		Fiscal Year 2014-2015			Outstanding June 30, 2015	
					Matured	Unmatured	Incurred	Matured	Redeemed	Matured	Unmatured
Governmental Activities											
General obligation bonds											
Parks and Open Spaces Bonds, Series 2004	2.500 to 4.650%	5/1/04	6/1/23	6,305,000	0	2,720,000	0	330,000	330,000	0	2,390,000
Interest				2,610,314	0	552,570	0	116,250	116,250	0	436,320
General Obligation Refunding Bonds, Series 2006	3.500 to 4.125%	3/9/06	3/1/19	24,990,000	0	9,815,000	0	2,670,000	2,670,000	0	7,145,000
Interest				7,556,255	0	1,029,707	0	397,813	397,813	0	631,894
Premium				244,744	0	30,180	0	11,946	11,946	0	18,234
General Obligation Refunding Bonds, Series 2011	2.000 to 3.000%	12/1/11	6/1/22	10,975,000	0	8,010,000	0	1,265,000	1,265,000	0	6,745,000
Interest				1,418,138	0	793,250	0	208,575	208,575	0	584,675
Premium				489,606	0	274,650	0	72,887	72,887	0	201,763
G.O. Bond and Revolving Credit Facility (POS)	0.750%	5/13/07	6/1/17	3,000,000	0	0	1,900,000	600,000	600,000	0	1,300,000
Interest				0	0	0	6,575	5,500	5,500	0	1,075
G.O. Bond and Revolving Credit Facility (Street 2012)	1.040%	5/6/14	6/1/17	5,000,000	0	2,700,000	6,800,000	8,089,700	8,089,700	0	1,410,300
Interest				0	0	1,863	38,489	38,229	38,229	0	2,123
Subtotal general obligation bonds				62,589,057	0	25,927,220	8,745,064	13,805,900	13,805,900	0	20,866,384
Certificates of participation											
Atrium Obligations Series 1998A (tax-exempt)	3.700 to 4.900%	6/1/98	6/1/18	1,200,000	0	350,000	0	80,000	80,000	0	270,000
Interest				676,913	0	43,675	0	16,900	16,900	0	26,775
Atrium Obligations Series 1998B (taxable)	6.125 to 6.200%	6/1/98	6/1/18	1,200,000	0	385,000	0	85,000	85,000	0	300,000
Interest				939,108	0	61,690	0	23,870	23,870	0	37,820
Subtotal certificates of participation				4,016,021	0	840,365	0	205,770	205,770	0	634,595
Limited tax bonds											
Limited Tax Pension Bonds, Series 2002	2.000 to 7.410%	3/15/02	6/1/28	69,613,281	0	53,714,764	0	2,031,507	2,031,507	0	51,683,257
Interest				85,352,417	0	38,028,267	0	3,966,650	3,966,650	0	34,061,616
Discount				(13,653,848)	0	(9,320,104)	0	(1,236,478)	(1,236,478)	0	(8,083,626)
Limited Tax Improvement Bonds, Series 2006	5.100%	6/13/06	6/1/16	1,036,427	0	76,745	0	50,256	50,256	0	26,489
Interest				526,818	0	4,844	0	3,493	3,493	0	1,351
Limited Tax Improvement Bonds, Series 2011	7.050%	6/28/11	12/1/26	580,000	0	305,604	0	38,062	38,062	0	267,542
Interest				633,795	0	237,973	0	21,060	21,060	0	216,913
Subtotal limited tax bonds				144,088,891	0	83,048,092	0	4,874,550	4,874,550	0	78,173,542

continued

	Issued interest rates	Issue date	Maturity date	Amount issued/ authorized	Outstanding June 30, 2014		Fiscal Year 2014-2015			Outstanding June 30, 2015	
					Matured	Unmatured	Incurred	Matured	Redeemed	Matured	Unmatured
<u>Governmental Activities, continued</u>											
<u>Tax increment bonds</u>											
URA Tax Increment Bonds, Series 2011	5.200%	5/25/11	6/1/20	7,900,000	0	5,135,000	0	835,000	1,835,000	0	3,300,000
Interest				2,185,439	0	669,812	0	267,020	267,020	0	402,792
Subtotal tax increment bonds				10,085,439	0	5,804,812	0	1,102,020	2,102,020	0	3,702,792
<hr/>											
Total bonded debt - governmental activities				220,779,408	0	115,620,489	8,745,064	19,988,240	20,988,240	0	103,377,313
<hr/>											
<u>Bonded debt - governmental activities</u>											
Principal				118,880,211	0	74,196,839	8,700,000	14,922,880	15,922,880	0	66,973,959
Interest				101,899,197	0	41,423,651	45,064	5,065,360	5,065,360	0	36,403,354
Total bonded debt - governmental activities				220,779,408	0	115,620,489	8,745,064	19,988,240	20,988,240	0	103,377,313
<hr/>											
<u>Business-type Activities</u>											
<u>Limited tax bonds</u>											
Limited Tax Pension Bonds, Series 2002	2.000 to 7.410%	3/15/02	6/1/28	14,721,719	0	11,365,236	0	438,493	438,493	0	10,926,743
Interest				18,050,209	0	8,042,164	0	838,862	838,862	0	7,203,303
Discount				(2,887,496)	0	(1,971,003)	0	(264,679)	(264,679)	0	(1,706,324)
Subtotal limited tax bonds				29,884,431	0	17,436,398	0	1,012,676	1,012,676	0	16,423,722
<hr/>											
Total bonded debt - business-type activities				29,884,431	0	17,436,398	0	1,012,676	1,012,676	0	16,423,722
<hr/>											
<u>Bonded debt - business-type activities</u>											
Principal				11,834,222	0	9,394,233	0	173,814	173,814	0	9,220,419
Interest				18,050,209	0	8,042,164	0	838,862	838,862	0	7,203,303
Total bonded debt - business-type activities				29,884,431	0	17,436,398	0	1,012,676	1,012,676	0	16,423,722
<hr/>											
<u>Total bonded debt</u>											
Principal				130,714,433	0	83,591,072	8,700,000	15,096,694	16,096,694	0	76,194,378
Interest				119,949,406	0	49,465,815	45,064	5,904,222	5,904,222	0	43,606,657
Total bonded debt				250,663,839	0	133,056,887	8,745,064	21,000,916	22,000,916	0	119,801,035

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STATISTICAL SECTION

This part of the City of Eugene's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends (Schedules I-1 to I-4)

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity (Schedules I-5 to I-8)

These schedules contain information to help the reader assess the factors affecting the City's ability to generate property taxes.

Debt Capacity (Schedules I-9 to I-12)

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information (Schedules I-13 - I-14)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information (Schedules I-15 to I-17)

These schedules contain information about the City's operation and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Net Position by Component

Last ten fiscal years - unaudited
(amounts in dollars)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	289,352,542	317,131,090	337,614,504	345,073,199	368,493,364	371,712,593	384,208,529	388,294,288	405,556,459	412,174,294
Restricted for:										
Capital projects	27,019,544	24,818,163	18,685,919	17,115,701	16,733,124	24,756,656	18,408,750	25,451,933	36,297,937	14,019,862
Debt service	2,302,664	1,698,134	1,479,458	815,360	2,126,503	2,971,915	2,666,763	2,405,391	1,997,355	2,260,458
Community development	10,544,238	11,072,272	12,345,467	15,559,285	16,817,966	20,259,962	23,219,052	23,435,739	20,167,456	14,882,218
Urban renewal	n/a	13,044,734	14,159,758	15,275,722	14,789,792	3,346,926	6,337,101	8,033,194	11,148,771	14,035,835
Other purposes	21,595,774	9,721,619	6,387,334	5,195,976	5,722,120	6,413,577	8,760,189	10,443,928	11,392,942	7,783,467
Unrestricted	98,906,385	93,170,976	92,606,219	86,891,871	81,804,405	92,174,866	91,155,599	85,756,720	82,279,867	69,386,341
Total governmental activities net position	449,721,147	470,656,988	483,278,659	485,927,114	506,487,274	521,636,495	534,755,983	543,821,193	568,840,787	534,542,475
Business-type activities										
Net investment in capital assets	215,793,591	223,163,869	229,495,712	232,335,631	239,045,916	241,534,490	243,029,332	240,442,993	242,024,310	245,767,377
Restricted for:										
Capital projects	5,004,684	4,919,041	7,819,508	7,222,609	8,435,242	11,625,345	12,568,710	14,149,495	13,220,650	11,391,051
Debt service	1,178,972	1,661,826	1,536,386	2,150,987	725,324	7,211	0	0	0	0
Unrestricted	25,988,723	29,141,077	25,321,148	20,076,992	23,942,080	24,982,466	26,709,243	25,999,492	26,792,901	6,889,547
Total business-type activities net position	247,965,970	258,885,813	264,172,754	261,786,219	272,148,562	278,149,512	282,307,285	280,591,980	282,037,861	264,047,975
Total government										
Net investment in capital assets	505,146,133	540,294,959	567,110,216	577,408,830	607,539,280	613,247,083	627,237,861	628,737,281	647,580,769	657,941,671
Restricted for:										
Capital projects	32,024,228	29,737,204	26,505,427	24,338,310	25,168,366	36,382,001	30,977,460	39,601,428	49,518,587	50,978,765
Debt service	3,481,636	3,359,960	3,015,844	2,966,347	2,853,827	2,979,126	2,666,763	2,405,391	1,997,355	2,260,458
Community development	10,544,238	11,072,272	12,345,467	15,559,285	16,817,966	20,259,962	23,219,052	23,435,739	20,167,456	14,882,218
Urban renewal	n/a	13,044,734	14,159,758	15,275,722	14,789,792	3,346,926	6,337,101	8,033,194	11,148,771	14,035,835
Other purposes	21,595,774	9,721,619	6,387,334	5,195,976	5,722,120	6,413,577	8,760,189	10,443,928	11,392,942	7,783,467
Unrestricted	124,895,108	122,312,053	117,927,367	106,968,863	105,746,485	117,157,332	117,864,842	111,756,212	109,072,768	50,708,036
Total government net position	637,687,117	729,542,801	747,451,413	747,713,333	778,637,836	799,786,007	817,063,268	824,413,173	850,878,648	798,590,450

Notes

- a) This schedule was modified with the implementation of GASB 63, effective FY13.
- b) Significant fluctuations between the current year and the prior year are discussed in the Management's Discussion and Analysis.
- c) Beginning in FY07, restricted net position of the Urban Renewal Agency has been removed from other purposes restricted net position and reported separately.
- d) Implementation of GASB 68 resulted in reductions in unrestricted net position for the governmental and business-type activities of \$79,941,438, \$30,222,499, respectively. The adjustment is reflected in FY15 net position. The prior year was not adjusted for the change.

Data source

City of Eugene Finance Division

Changes in Net Position

Last ten fiscal years - unaudited
(amounts in dollars)

Expenses	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Central services	16,160,914	14,074,704	8,705,558	9,217,725	8,377,766	9,759,910	9,804,909	11,010,499	10,101,687	10,016,691
Fire and emergency medical services	23,732,902	25,625,315	27,597,155	27,345,006	26,737,259	27,260,063	28,641,938	29,471,662	28,734,323	23,051,781
Library, recreation, and cultural services	26,273,938	28,318,253	27,418,613	29,681,412	28,956,894	29,249,223	28,820,958	27,912,194	27,979,579	26,307,845
Planning and development	16,620,986	20,368,626	21,760,065	20,978,977	19,833,161	32,208,704	19,651,543	16,992,125	19,855,392	14,945,561
Police	42,460,895	44,649,822	46,876,021	48,533,017	44,801,367	47,645,365	52,725,185	54,150,123	53,536,877	44,175,829
Public works	25,056,399	26,796,673	29,077,493	29,139,235	28,550,511	29,775,680	30,285,866	31,360,921	32,665,528	30,287,289
Interest on long term debt	7,424,942	7,296,131	6,635,966	6,654,887	6,415,984	6,280,158	6,650,862	6,227,473	5,627,465	4,463,026
Total governmental activities expenses	157,730,976	167,129,524	168,070,871	171,550,259	163,672,942	182,179,103	176,581,261	177,124,997	178,500,851	153,248,022
Business-type activities:										
Ambulance transport	5,350,797	5,570,868	5,971,282	6,773,249	5,737,099	5,669,204	6,950,263	6,500,180	6,888,038	5,666,141
Municipal airport	8,576,421	9,506,496	9,910,114	10,261,598	10,404,018	11,031,434	11,969,227	12,333,384	12,760,263	11,511,962
Parking services	4,191,032	4,194,549	4,249,563	4,756,555	4,567,110	5,517,107	4,554,259	4,388,694	4,614,694	4,257,580
Stormwater utility	8,994,867	10,533,696	11,272,132	11,578,529	12,318,848	13,084,702	13,301,129	13,930,199	14,487,104	13,458,689
Wastewater utility	18,817,961	20,164,583	19,969,122	23,474,996	20,588,115	21,351,247	22,359,079	23,534,299	22,731,897	21,333,428
Total business-type activities expenses	45,931,078	49,970,192	51,372,213	56,844,927	53,615,190	56,653,694	59,133,957	60,686,756	61,451,996	56,227,800
Total government expenses	203,662,054	217,099,716	219,443,084	228,395,186	217,288,132	238,832,797	235,715,218	237,811,753	239,952,847	209,475,822
Program revenues										
Governmental activities:										
Fees, fines, and charges for services:										
Central services	6,309,636	5,541,010	5,522,788	5,966,891	6,611,740	7,865,208	7,414,102	8,435,743	7,751,439	8,016,986
Fire and emergency medical services	2,090,634	2,200,740	2,183,626	2,212,104	2,195,110	2,243,125	2,323,103	2,427,351	2,626,193	2,728,193
Library, recreation, and cultural services	5,502,360	5,523,221	6,043,182	5,713,783	5,522,563	6,175,973	5,636,053	5,481,909	5,888,579	5,973,060
Planning and development	9,554,684	9,130,553	8,822,469	11,193,007	8,379,827	15,265,547	12,067,636	9,106,904	10,077,395	10,876,148
Police	3,580,790	3,630,956	3,600,489	4,061,284	3,639,665	3,886,160	4,975,304	5,295,508	5,130,469	4,533,377
Public works	8,698,693	7,693,206	6,701,152	4,111,995	4,025,012	7,159,740	7,518,399	7,525,400	10,110,840	11,195,072
Operating grants and contributions	13,920,917	17,572,724	18,105,379	12,404,857	13,996,242	17,235,076	15,253,888	14,212,700	14,615,558	13,914,474
Capital grants and contributions	7,306,494	14,581,532	7,820,036	10,628,446	8,668,969	8,623,632	2,933,678	4,054,905	10,806,249	2,647,314
Total governmental activities program revenues	56,964,208	65,873,942	58,799,121	56,292,367	53,039,128	68,454,461	58,122,163	56,540,420	67,006,722	59,884,624
Business-type activities:										
Fees, fines, and charges for services:										
Ambulance transport	6,166,896	6,208,007	6,198,183	6,077,414	6,846,164	7,305,057	6,858,744	6,503,433	6,662,738	7,798,119
Municipal airport	7,049,709	7,146,352	7,930,588	6,982,760	7,454,423	7,955,702	8,068,953	8,463,832	9,045,654	9,440,676
Parking services	4,743,260	4,509,409	4,886,222	4,320,201	4,463,624	5,068,011	5,333,965	5,155,533	5,479,224	6,644,111
Stormwater utility	9,469,763	10,988,542	11,903,193	11,849,471	12,631,672	12,752,165	14,620,589	14,905,914	15,074,351	16,943,260
Wastewater utility	17,292,034	17,408,380	17,844,420	20,542,153	19,220,462	20,116,031	21,317,603	21,991,866	21,595,516	22,461,798
Operating grants and contributions	1,091,915	1,025,293	1,005,229	0	147,102	295,559	50,920	88,815	370,304	563,211
Capital grants and contributions	10,550,162	11,140,197	9,286,521	3,977,229	14,113,734	5,927,862	7,232,486	3,724,162	6,610,049	6,693,012
Total business-type activities program revenues	56,363,739	58,426,180	58,854,356	53,749,228	64,877,181	59,410,387	63,483,280	60,833,555	64,837,836	70,544,187
Total government program revenues	113,327,947	124,300,122	117,653,477	110,041,595	117,916,309	127,864,848	121,605,423	117,373,975	131,844,568	130,428,811

continued

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense) revenue										
Governmental activities	(100,766,768)	(101,255,582)	(109,271,750)	(115,257,892)	(110,633,814)	(113,724,642)	(118,459,098)	(120,584,577)	(111,494,129)	(93,363,398)
Business-type activities	10,432,661	8,455,988	7,482,143	(3,095,699)	11,261,991	2,756,693	4,349,303	146,799	3,385,840	14,316,387
Total government net (expense) revenue	(90,334,107)	(92,799,594)	(101,789,607)	(118,353,591)	(99,371,823)	(110,967,949)	(114,109,795)	(120,437,778)	(108,108,289)	(79,047,011)
General revenues and transfers										
Governmental activities:										
Property taxes	87,114,975	88,531,791	83,958,978	86,465,150	99,297,845	97,962,592	97,837,712	99,321,973	102,009,251	106,096,214
Transient room tax	1,488,469	1,668,940	1,772,968	1,678,566	1,518,030	1,658,169	1,686,458	1,747,280	1,898,464	2,162,751
Local motor vehicle fuel tax	3,533,582	3,359,536	3,083,605	2,976,107	3,138,296	3,118,882	3,045,192	2,908,491	2,868,768	2,996,958
Contributions in lieu of taxes	11,251,713	11,913,379	11,446,537	13,263,982	12,342,958	13,762,181	13,469,821	11,762,150	12,158,537	12,204,263
Franchise fees on telecom providers revenues	8,100,845	8,389,156	8,870,285	9,029,349	8,653,036	10,954,417	10,393,736	8,467,984	10,757,879	8,482,827
Grants and contributions not restricted to specific programs	2,848,225	2,926,084	3,308,742	752,602	3,230,928	3,291,002	3,573,073	3,778,264	3,938,301	4,095,171
Unrestricted investment earnings	4,920,649	6,697,857	6,221,900	3,720,245	1,823,094	1,170,778	1,219,164	543,569	812,369	765,440
Transfers	(3,579,438)	(1,295,320)	3,230,406	20,346	1,191,787	(3,046,158)	353,430	1,946,076	2,070,154	2,202,900
Total governmental activities general revenues and transfers	115,679,020	122,191,423	121,893,421	117,906,347	131,195,974	128,871,863	131,578,586	130,475,787	136,513,723	139,006,524
Business-type activities:										
Unrestricted investment earnings	632,872	1,168,535	1,035,204	729,510	292,139	198,099	161,900	83,972	130,195	119,126
Transfers	3,579,438	1,295,320	(3,230,406)	(20,346)	(1,191,787)	3,046,158	(853,430)	(1,946,076)	(2,070,154)	(2,202,900)
Total business-type activities general revenues and transfers	4,212,310	2,463,855	(2,195,202)	709,164	(899,648)	3,244,257	(191,530)	(1,862,104)	(1,939,959)	(2,083,774)
Total government general revenues and transfers	119,891,330	124,655,278	119,698,219	118,615,511	130,296,326	132,116,120	131,387,056	128,613,683	134,573,764	136,922,750
Change in net position:										
Governmental activities	14,912,252	20,935,841	12,621,671	2,648,455	20,562,160	15,147,221	13,119,488	9,891,210	25,019,594	45,643,126
Business-type activities	14,644,971	10,919,843	5,286,941	(2,386,535)	10,362,343	6,000,950	4,157,773	(1,715,305)	1,445,881	12,232,613
Total government change in net position	29,557,223	31,855,684	17,908,612	281,920	30,924,503	21,148,171	17,277,261	8,175,905	26,465,475	57,875,739

Notes

- a) This schedule was modified with the implementation of GASB 63, effective FY13.
- b) Significant fluctuations between the current year and the prior year are discussed in the Management's Discussion and Analysis.

Data source

City of Eugene Finance Division

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City of Eugene, Oregon
Fund Balances - Governmental Funds

Last ten fiscal years - unaudited

(amounts in dollars)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved	507,739	371,847	441,011	405,650	0	0	0	0	0	0
Unreserved	32,777,927	30,788,707	30,005,614	32,109,937	0	0	0	0	0	0
Nonspendable	0	0	0	0	736,386	1,066,473	1,399,020	762,321	623,852	837,243
Restricted	0	0	0	0	833,887	914,813	1,041,185	1,058,040	1,088,331	1,107,064
Assigned	0	0	0	0	32,211,828	38,269,910	37,320,281	34,768,090	34,633,376	38,188,164
Unassigned	0	0	0	0	6,122,604	5,792,870	3,330,380	2,961,405	6,622,503	901,143
Total General Fund	33,285,666	31,160,554	30,446,625	32,515,587	39,904,705	46,044,066	43,090,866	39,549,856	42,968,062	41,033,614
All other governmental funds:										
Reserved	4,442,288	4,149,246	3,998,804	3,331,083	0	0	0	0	0	0
Unreserved, reported in:										
Special revenue funds	29,513,286	30,761,057	25,938,461	27,990,706	0	0	0	0	0	0
Debt service funds	6,644,093	7,023,344	6,394,515	5,790,008	0	0	0	0	0	0
Capital projects funds	25,442,697	23,715,035	19,975,502	14,603,402	0	0	0	0	0	0
Nonspendable	0	0	0	0	3,197,689	2,636,383	3,836,064	2,915,176	3,049,432	2,935,110
Restricted	0	0	0	0	34,464,276	31,260,095	35,767,355	42,856,626	48,547,775	53,834,774
Committed	0	0	0	0	7,793,449	11,257,256	12,413,934	12,315,054	13,842,075	14,293,990
Assigned	0	0	0	0	10,766,087	11,618,763	5,506,138	3,668,775	15,373,633	16,602,173
Unassigned	0	0	0	0	(108,342)	0	0	0	0	0
Total all other governmental funds	66,042,364	65,648,682	56,307,282	51,715,199	56,113,159	56,772,497	57,523,491	61,755,631	80,812,915	87,666,047

Notes

- a) This schedule was modified with the implementation of GASB54, effective FY10.
- b) Significant fluctuations between the current year and the prior year are discussed in the Management's Discussion and Analysis.

Data source

City of Eugene Finance Division

City of Eugene, Oregon
Changes in Fund Balances - Governmental Funds

Last ten fiscal years - unaudited

(amounts in dollars)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	103,790,123	105,364,632	99,870,624	103,745,938	115,363,742	116,480,716	114,430,239	115,143,898	118,729,451	123,057,049
Licenses and permits	12,844,614	12,421,905	12,649,419	12,124,148	12,016,951	16,247,802	14,621,168	14,070,573	16,645,767	15,451,256
Intergovernmental	16,073,467	21,450,428	20,321,509	21,547,927	21,246,577	23,061,009	19,783,960	19,802,487	18,349,223	18,052,285
Rental income	310,413	278,748	314,334	377,621	355,002	383,266	432,660	470,709	473,986	510,614
Charges for services	21,130,857	20,195,253	19,603,598	17,277,036	16,546,585	18,161,552	23,333,482	20,781,787	26,586,566	23,599,385
Fines and forfeits	3,817,038	3,498,604	3,446,535	3,110,577	2,986,586	2,929,400	2,648,101	2,287,456	2,306,886	2,429,335
Special assessments	1,505,641	362,648	1,254,187	209,188	498,370	1,100,252	269,691	300,439	157,176	120,081
Repayment of revolving loans	1,030,982	1,075,399	1,391,553	1,725,978	1,316,158	1,419,907	1,577,023	1,359,759	2,049,212	4,374,927
Miscellaneous	6,402,046	7,499,141	6,395,831	4,812,046	3,754,441	4,081,989	2,643,789	3,990,028	3,171,788	6,134,603
Total revenues	166,905,181	172,136,758	165,247,590	164,930,459	174,084,412	183,865,893	179,740,113	178,207,136	188,470,055	193,729,535
Expenditures										
Central services	18,090,534	20,122,497	20,357,835	18,713,107	17,159,626	18,188,802	19,693,788	19,091,906	17,493,539	19,626,851
Fire and emergency medical services	20,365,572	21,982,727	23,449,090	22,667,961	22,977,955	23,507,369	24,666,748	25,551,463	25,647,949	26,273,059
Library, recreation, and cultural services	22,478,643	24,958,865	24,744,457	24,428,693	25,688,755	25,598,692	24,987,647	23,870,446	24,075,473	25,969,030
Planning and development	14,618,095	18,556,670	19,066,468	18,266,739	18,326,473	22,134,992	17,899,972	15,544,065	14,150,442	15,749,257
Police	38,261,119	41,962,140	42,862,037	41,877,715	39,781,729	42,544,795	46,724,924	48,112,485	47,648,196	50,855,001
Public works	14,293,416	14,292,723	15,140,126	16,387,652	15,857,207	15,162,759	15,891,864	16,785,203	16,354,843	16,674,300
Debt service:										
Principal	5,045,393	5,290,083	7,172,607	7,660,834	7,655,206	12,167,801	24,579,753	13,888,196	14,925,325	16,439,017
Interest	2,645,152	2,179,207	2,013,199	2,000,874	1,780,068	1,571,175	2,071,130	1,501,826	1,300,697	1,091,065
Arbitrage fee	19,281	8,132	1,813	6,900	15,070	0	0	0	0	0
Issuance costs	198,718	28,209	6,006	32,253	18,975	50,696	137,276	11,149	28,728	8,788
Capital outlay	17,639,671	20,346,939	28,962,548	24,501,530	31,526,686	23,382,608	28,481,716	21,368,508	23,323,366	25,812,060
Contribution of land held for resale	0	0	0	0	0	538,929	0	0	0	0
Intergovernmental	7,589,076	6,397,451	89,847	0	0	8,000,000	0	0	500,000	236,151
Total expenditures	161,244,670	176,125,643	183,866,033	176,544,258	180,787,750	192,848,618	205,134,818	185,725,247	185,448,558	198,734,579
Excess (deficiency) of revenues over expenditures	5,660,511	(3,988,885)	(18,618,443)	(11,613,799)	(6,703,338)	(8,982,725)	(25,394,705)	(7,518,111)	3,021,497	(5,005,044)

continued

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Other financing sources (uses)</u>										
Proceeds of debt issuance	1,036,427	0	5,200,000	4,345,000	500,000	17,765,000	8,540,000	9,495,000	10,580,000	8,700,000
Proceeds of note issuance	0	0	0	2,705,930	0	3,412,000	1,777,000	0	0	0
Proceeds of refunding bonds issuance	24,990,000	0	0	5,600,000	0	0	11,464,606	0	0	0
Premium on refunding bonds issuance	244,744	0	0	0	0	0	0	0	0	0
Refunded bonds redeemed	0	0	0	(5,593,800)	0	0	0	0	0	0
Payment to refunded bonds escrow agent	(25,033,071)	0	0	0	0	0	0	0	0	0
Transfers in	8,390,169	12,265,545	13,144,668	14,816,539	40,216,213	12,263,751	10,804,034	7,910,800	17,949,829	9,745,093
Transfers out	(9,197,033)	(10,795,454)	(11,206,554)	(12,782,991)	(22,225,797)	(17,659,327)	(10,253,301)	(8,536,559)	(9,075,836)	(8,521,365)
Total other financing sources (uses)	431,236	1,470,091	7,138,114	9,090,678	18,490,416	15,781,424	22,332,339	8,869,241	19,453,993	9,923,728
Net change in fund balances	6,091,747	(2,518,794)	(11,480,329)	(2,523,121)	11,787,078	6,798,699	(3,062,366)	1,351,130	22,475,490	4,918,684
Debt service as a percentage of noncapital expenditures	5.51%	4.82%	5.94%	6.38%	6.34%	8.16%	15.16%	9.37%	10.03%	10.14%

Data Source

City of Eugene Finance Division

Taxable Assessed Value and Actual Value of Property*Last ten fiscal years - unaudited*

(amounts in dollars)

<u>Fiscal year</u>	<u>Real property</u>		<u>Personal property</u>		<u>Total</u>		<u>Direct tax rate</u>
	<u>Taxable assessed value</u>	<u>Real market value</u>	<u>Taxable assessed value</u>	<u>Real market value</u>	<u>Taxable assessed value</u>	<u>Real market value</u>	
2006	9,201,750,939	13,642,477,569	448,543,977	467,180,107	9,650,294,916	14,109,657,676	9.17
2007	9,645,975,072	19,412,136,439	459,050,386	517,488,878	10,105,025,458	19,929,625,317	9.05
2008	10,143,358,303	22,088,733,093	473,274,763	506,349,012	10,616,633,066	22,595,082,105	8.15
2009	10,501,729,496	22,922,483,398	492,684,613	525,746,558	10,994,414,109	23,448,229,956	7.98
2010	11,006,944,202	22,077,562,997	459,543,562	483,196,072	11,466,487,764	22,560,759,069	8.56
2011	11,179,600,899	20,845,219,878	433,560,719	444,689,566	11,613,161,618	21,289,909,444	8.58
2012	11,460,819,092	20,777,602,912	423,318,352	430,903,340	11,884,137,444	21,208,506,252	8.29
2013	11,726,917,294	20,026,046,722	417,128,883	423,958,299	12,144,046,177	20,450,005,021	8.27
2014	12,094,523,637	20,325,443,248	407,291,102	413,828,210	12,501,814,739	20,739,271,458	8.28
2015	12,617,178,328	22,069,558,527	412,660,052	419,387,551	13,029,838,380	22,488,946,078	8.26

Notes

- a) The Lane County Assessor changed methodology for calculating the real market value of property within the City in tax year 2006 (FY2007). This resulted in an upward adjustment of approximately \$2.7 billion to real market value. FY07 real market value increased 17.6% from FY06, after removing the effect of the revised methodology. Real market value figures prior to FY07 have not been adjusted for this revised methodology and therefore are not comparable to figures in FY07.
- b) Assessed value is reported net of exemptions and net of Urban Renewal excess (incremental) value, and is the value used to establish the tax levy for the fiscal year.
- c) Real property includes utilities and personal property includes manufactured structures.
- d) Total direct tax rate is per \$1,000 of assessed value.

Data source

Lane County Department of Assessment and Taxation

Direct and Overlapping Property Tax Rates

Last ten fiscal years - unaudited
(rate per \$1,000 of assessed value)

Fiscal year	Tax Rates									
	City direct rates					Overlapping rates				
	Operating	Debt service	Total direct rate	County	School districts	Community college	Total overlapping rate	Total		
2006	8.72	0.45	9.17	1.38	7.76	0.87	10.01	19.18		
2007	8.68	0.36	9.05	1.39	7.96	0.84	10.18	19.23		
2008	7.60	0.55	8.15	1.38	7.70	0.82	9.90	18.05		
2009	7.40	0.58	7.98	1.38	7.74	0.86	9.98	17.96		
2010	7.38	1.18	8.56	1.38	7.76	0.84	9.98	18.54		
2011	7.38	1.20	8.58	1.37	7.66	0.85	9.88	18.46		
2012	7.15	1.14	8.29	1.37	7.65	0.87	9.89	18.18		
2013	7.15	1.12	8.27	1.37	7.50	0.85	9.72	17.99		
2014	7.17	1.11	8.28	1.91	7.95	0.85	10.71	18.99		
2015	7.17	1.09	8.26	1.91	7.93	0.85	10.69	18.95		

Notes

- a) Tax rates are for a representative tax code area (4-00) within the City.
- b) Overlapping rates are those of other local governments that apply to property owners within the City of Eugene who are located within the other local government's boundaries.

Data source

Lane County Department of Assessment and Taxation

Property Tax Levies and Collections

Last seven fiscal years - unaudited

(amounts in dollars)

Fiscal year	Taxes levied for the fiscal year	Adjustments	Total adjusted levy	Collected within the fiscal year of the levy			Collections/ Adjustments in subsequent years	Total collections to date		Outstanding taxes	
				Amount	Percentage of gross levy	Percentage of adjusted levy		Amount	Percentage of adjusted levy	Amount	Percentage of adjusted levy
2009	88,929,425	(2,525,855)	86,403,570	83,787,874	94.2%	97.0%	2,560,964	86,348,838	99.9%	54,732	0.1%
2010	102,340,449	(3,052,244)	99,288,205	96,079,826	93.9%	96.8%	2,721,412	98,801,238	99.5%	486,967	0.5%
2011	101,032,799	(3,198,238)	97,834,561	95,139,974	94.2%	97.2%	2,142,308	97,282,282	99.4%	552,279	0.6%
2012	99,967,213	(2,358,226)	97,608,987	94,522,083	94.6%	96.8%	2,434,668	96,956,751	99.3%	652,236	0.7%
2013	101,892,411	(2,830,768)	99,061,643	95,995,981	94.2%	96.9%	1,939,935	97,935,916	98.9%	1,125,727	1.1%
2014	104,697,862	(2,787,406)	101,910,456	99,010,678	94.6%	97.2%	1,257,084	100,267,762	98.4%	1,642,694	1.6%
2015	109,269,488	(3,328,182)	105,941,306	103,161,668	94.4%	97.4%		103,161,668	97.4%	2,779,638	2.6%

Notes

a) The Lane County Department of Assessment and Taxation reports seven years of property tax collections.

Data source

Lane County Department of Assessment and Taxation

Ten Principal Property Taxpayers*Current year and nine years ago - unaudited*

(amounts in dollars)

Taxpayer	FY 2015			FY2006		
	Total taxes paid	Total assessed value	Percentage of total assessed value	Total taxes paid	Total assessed value	Percentage of total assessed value
Comcast Corporation	2,396,987	128,755,900	0.99%	-	-	-
Valley River Center LLC	1,977,309	113,970,174	0.87%	1,620,602	84,545,407	0.88%
Shepard Investment Group LLC	1,175,664	64,685,823	0.50%	-	-	-
Verizon Communications	1,113,850	65,799,000	0.50%	-	-	-
McKay Investment Company	1,042,453	56,942,365	0.44%	390,087	21,004,845	0.22%
Chase Village LLC	712,422	37,585,917	0.29%	551,968	28,778,598	0.30%
Century Link (formerly QWEST)	699,376	41,192,500	0.32%	1,308,716	75,916,600	0.79%
Molecular Probes, Inc.	616,934	36,294,736	0.28%	-	-	-
Hynix Semiconductor	594,169	34,903,780	0.27%	6,999,615	608,638,524	6.31%
Northwest Natural Gas Company	590,861	34,825,400	0.27%	689,989	39,730,300	0.41%
PeaceHealth	-	-	-	539,683	45,059,051	0.47%
Guard Publishing Company	-	-	-	644,191	36,780,388	0.38%
Metropolitan Life Insurance Company	-	-	-	362,774	19,327,337	0.20%
Kinder Morgan Energy Partner	-	-	-	349,024	18,197,500	0.19%
Subtotal	10,920,025	614,955,595	4.73%	13,456,649	977,978,550	10.15%
All other taxpayers		12,414,882,785	95.27%		8,672,316,366	89.85%
Total taxpayers		<u>13,029,838,380</u>	<u>100.00%</u>		<u>9,650,294,916</u>	<u>100.00%</u>

Notes

a) Total assessed value does not include exemptions.

b) Hynix Semiconductor is no longer in business. While most of the equipment was sold, Hynix continues to pay taxes on the building and remaining equipment.

Data source

Lane County Department of Assessment and Taxation

City of Eugene Finance Division

Ratio of Outstanding Debt by Type

Last ten fiscal years - unaudited
(amounts in dollars)

Fiscal year	Governmental activities					Business-type activities					Percentage of real market value	Debt per capita
	General obligation bonds	Certificates of participation	Limited tax bonds	Tax increment bonds	Notes and contracts payable	General obligation bonds	Limited tax bonds	Revenue bonds	Notes and contracts payable	Total government		
2006	40,618,595	12,075,000	72,083,617	0	1,159,069	810,000	6,017,802	1,145,000	159,854	134,068,937	0.95%	917
2007	39,445,633	9,785,000	64,710,964	0	841,554	415,000	5,770,982	590,000	0	121,559,133	0.61%	818
2008	40,299,150	7,365,000	64,851,428	0	513,838	0	5,489,006	0	0	118,518,422	0.52%	771
2009	40,315,402	4,840,000	64,892,939	0	2,880,318	0	5,166,851	0	0	118,095,510	0.50%	764
2010	35,500,680	2,160,000	64,733,158	0	2,706,000	0	4,799,493	0	0	109,899,331	0.49%	700
2011	32,930,437	1,820,000	64,910,734	7,900,000	6,118,000	0	0	0	0	113,679,171	0.53%	720
2012	29,430,457	1,465,000	64,180,566	7,183,000	7,895,000	0	0	0	0	110,154,023	0.52%	702
2013	26,225,122	1,105,000	63,157,983	6,429,000	7,767,000	0	0	0	0	104,684,105	0.51%	661
2014	23,549,830	735,000	61,886,023	5,135,000	7,639,000	0	0	0	0	98,944,853	0.48%	620
2015	19,210,297	570,000	49,827,523	3,300,000	6,078,000	0	10,475,301	0	0	89,461,121	0.43%	557

Notes

- a) Details regarding the City's outstanding debt can be found in the notes to basic financial statements.
- b) All debt is shown net of unamortized premiums and discounts.
- c) Percentage of real market value was calculated using property value information from Schedule I-5.
- d) Debt per capita was calculated using population data from Schedule I-13.
- e) As part of the implementation of GASB 68 in FY15, the Limited Tax Pension Bond Debt was proportionately allocated to all Government and Business activities.

Data source

Lane County Department of Assessment and Taxation

Ratio of General Bonded Debt Outstanding*Last ten fiscal years - unaudited*

(amounts in dollars)

<u>Fiscal year</u>	<u>General bonded debt outstanding</u>									
	<u>General obligation bonds</u>	<u>Certificates of participation</u>	<u>Limited tax bonds</u>	<u>Tax increment bonds</u>	<u>Total</u>	<u>Funds available for principal repayment</u>	<u>Net General Bonded Debt</u>	<u>Percentage of real market value</u>	<u>Per capita</u>	
2006	41,428,595	12,075,000	78,101,419	0	131,605,014	(3,481,636)	128,123,378	0.91%	877	
2007	39,860,633	9,785,000	70,481,946	0	120,127,579	(3,359,960)	116,767,619	0.59%	786	
2008	40,299,150	7,365,000	70,340,434	0	118,004,584	(3,015,844)	114,988,740	0.51%	748	
2009	40,315,402	4,840,000	70,059,790	0	115,215,192	(2,966,347)	112,248,845	0.48%	726	
2010	35,500,680	2,160,000	69,532,651	0	107,193,331	(2,853,827)	104,339,504	0.46%	664	
2011	32,930,437	1,820,000	64,910,734	7,900,000	107,561,171	(2,979,126)	104,582,045	0.49%	663	
2012	29,430,457	1,465,000	64,180,566	7,183,000	102,259,023	(2,666,763)	99,592,260	0.47%	634	
2013	26,225,122	1,105,000	63,157,983	6,429,000	96,917,105	(2,405,391)	94,511,714	0.46%	597	
2014	23,549,830	735,000	61,886,023	5,135,000	91,305,853	(1,997,355)	89,308,498	0.43%	560	
2015	19,210,297	570,000	60,302,824	3,300,000	83,383,121	(2,260,458)	81,122,663	0.36%	505	

Notes

- Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- All debt is shown net of unamortized premiums and discounts.
- Percentage of real market value was calculated using property value information from Schedule I-5.
- Debt per capita was calculated using population data from Schedule I-13.

Direct and Overlapping Governmental Activities Debt*As of June 30, 2015 - unaudited*

(amounts in dollars)

<u>Governmental unit</u>	<u>Debt outstanding</u>	<u>Percentage applicable to the City</u>	<u>City's share of overlapping debt</u>
City of Eugene (Direct debt)	89,461,122	100.00%	89,461,122
Total direct debt			<u>89,461,122</u>
Lane Community College	115,624,929	45.91%	53,088,145
Lane County	90,887,541	46.62%	42,368,681
Lane Education Service District	7,055,000	46.68%	3,293,048
School District 4J	266,070,402	78.36%	208,486,913
School District 19	174,944,153	0.00%	0
School District 52	56,961,166	78.38%	44,647,643
River Road Park & Recreation District	60,000	0.00%	0
Total overlapping debt			<u>351,884,430</u>
Total direct and overlapping debt			<u><u>441,345,552</u></u>

Data source

Oregon State Treasury Debt Management Information System

City of Eugene Finance Division

Legal Debt Margin - General Obligation Bonded Debt

Last ten fiscal years - unaudited

(amounts in dollars)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Real market value	14,109,657,676	19,929,625,317	22,595,082,105	23,448,229,956	22,560,759,069	21,289,909,444	21,208,506,252	20,450,005,021	20,739,271,458	22,488,946,078
Legal debt margin:										
Debt limit (3% of real market value)	423,289,730	597,888,760	677,852,463	703,446,899	676,822,772	638,697,283	636,255,188	613,500,151	622,178,144	674,668,382
Debt applicable to limit:										
General Obligation Bonds	41,195,000	39,660,000	40,130,000	40,176,200	35,389,414	32,844,164	28,910,000	25,820,000	23,245,000	18,990,300
Less: Amount reserved for repayment of general obligation debt	(688,206)	(276,840)	(136,909)	458,350	(619,761)	(961,919)	(552,614)	(395,162)	(76,235)	(354,949)
Total debt applicable to limit	40,506,794	39,383,160	39,993,091	40,634,550	34,769,653	31,882,245	28,357,386	25,424,838	23,168,765	18,635,351
Legal debt margin	382,782,936	558,505,600	637,859,372	662,812,349	642,053,119	606,815,038	607,897,802	588,075,313	599,009,379	656,033,031
Total debt applicable to the limit as a percentage of debt limit	10%	7%	6%	6%	5%	5%	4%	4%	4%	3%

Notes

- a) Oregon Revised Statutes 287A.050 provides a debt limit on general obligation bonds of 3% of the real market value of all taxable property within the City's boundaries.
- b) The legal debt margin is the difference between the debt limit and the City's net outstanding general obligation debt.
- c) In FY09, the General Obligation Debt Service Fund had a deficit balance due to borrowing \$485,000 from a short term revolving credit facility for transportation capital projects.

Data source

Lane County Department of Assessment and Taxation
City of Eugene Finance Division

Demographic and Economic Statistics*Last ten fiscal years - unaudited*

<u>Fiscal year</u>	<u>City of Eugene</u>		<u>Lane County</u>		
	<u>Population</u>	<u>Unemployment rate</u>	<u>Population</u>	<u>Personal income (thousands)</u>	<u>Per capita income</u>
2006	146,160	4.80%	339,926	10,919,089	32,122
2007	148,595	4.60%	344,844	11,272,793	32,690
2008	153,690	5.70%	348,176	11,690,848	33,577
2009	154,620	10.10%	350,850	11,385,410	32,451
2010	157,100	10.80%	351,852	11,547,065	32,818
2011	157,845	9.60%	353,491	12,047,023	34,080
2012	157,010	9.10%	354,481	12,545,269	35,391
2013	158,335	8.20%	355,661	12,724,475	35,777
2014	159,580	6.70%	358,337	13,392,647	37,374
2015	160,775	6.50%	358,805	13,409,978	37,374

Notes

- a) Personal income information is not available for the City.
- b) The 2015 per capita income was not available and has been estimated to be the same as 2014.
- c) The 2015 personal income was not available and has been estimated by multiplying FY15 population by FY14 per capita income.
- d) Population is certified as of July 1 of each fiscal year by Portland State University Population Research Center.
- e) Unemployment rates presented are annualized for the calendar year. The FY15 unemployment rate is as of August, 2015 (the most recent information available).

Data source*City of Eugene Information:*

Population: Portland State University's Center for Population Research and Census

Unemployment rate: Bureau of Labor Statistics, U.S. Department of Labor

Lane County Information:

Bureau of Economic Analysis, U.S. Department of Commerce

Ten Principal Employers*Current year and nine years ago - unaudited*

<u>Employer</u>	2015		2006	
	<u>Employees</u>	<u>Percentage of total employment</u>	<u>Employees</u>	<u>Percentage of total employment</u>
PeaceHealth Medical Group	5,500	3.45%	4,200	2.56%
University of Oregon	5,406	3.39%	3,997	2.44%
US Government	1,575	0.99%	-	-
City of Eugene	1,369	0.86%	1,408	0.86%
Springfield School District	1,283	0.80%	-	-
Lane County	1,279	0.80%	1,443	0.88%
State of Oregon	1,229	0.77%	829	0.51%
Eugene School District 4J	1,163	0.73%	2,403	1.47%
Lane Community College	1,009	0.63%	818	0.50%
McKenzie-Willamette Medical Center	895	0.56%	-	-
Hynix Semiconductor	-	-	1,100	0.67%
Bethel School District 52	-	-	687	0.42%
PSC Scanning	-	-	582	0.35%
Total	<u>20,708</u>	<u>12.98%</u>	<u>17,467</u>	<u>10.65%</u>

Notes

- a) There is no comprehensive source available to obtain this data. Therefore, prior year information may not be consistent with current data.
- b) Percent of employment is as of January 1st of each year.

Data source

Eugene Chamber of Commerce
Oregon Employment Department
Bureau of Labor Statistics
City of Eugene Finance Division

City Government Employees by Function/Program*Last ten fiscal years - unaudited*

<u>Fiscal year</u>	<u>Function/Program</u>						<u>Total</u>
	<u>Central services</u>	<u>Fire and emergency medical services</u>	<u>Library, recreation, and cultural services</u>	<u>Planning and development</u>	<u>Police</u>	<u>Public works</u>	
2006	230	206	190	100	293	389	1,408
2007	239	204	195	113	303	403	1,457
2008	238	201	190	112	303	407	1,451
2009	230	203	190	111	296	410	1,440
2010	217	204	181	98	306	398	1,404
2011	210	200	180	94	300	396	1,380
2012	212	199	174	93	305	395	1,378
2013	201	197	166	93	299	391	1,347
2014	202	202	167	86	299	407	1,363
2015	204	198	167	92	300	408	1,369

Notes

a) Number of employees is provided per Full-Time Equivalent (FTE) for full-time and part-time regular employees that are in an active status as of the last day of the fiscal year.

Data source

City of Eugene Finance Division

Operating Indicators by Function/Program

Last ten fiscal years - unaudited

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Central services:</u>										
Number of risk claims managed	265	333	259	250	258	296	269	259	266	237
Number of purchase orders issued	21,372	20,975	21,983	17,434	15,513	15,936	15,544	15,625	15,485	15,910
Job applications processed	7,088	4,598	6,848	7,464	6,257	7,778	8,602	9,372	8,865	8,809
Building square footage maintained	1,926,848	1,917,643	1,918,643	2,014,217	2,014,217	1,932,261	1,919,698	2,034,058	2,034,058	1,926,676
Municipal Court cases processed	32,699	28,810	28,071	26,963	26,273	23,623	22,078	26,076	21,714	19,697
<u>Fire and emergency medical services:</u>										
Emergency responses	19,441	20,509	21,723	21,233	20,130	21,539	21,186	21,111	22,258	25,933
Fire inspections	1,800	812	973	839	943	1,576	2,393	2,270	4,816	4,989
<u>Library, recreation, and cultural services:</u>										
Number of library patron visits	1,194,972	1,267,109	1,527,239	1,542,183	1,469,860	1,380,951	1,386,601	1,213,547	1,159,425	1,074,504
Volume of library collection borrowed	2,469,913	2,582,101	2,791,737	2,909,908	2,928,143	2,859,748	2,826,998	2,801,669	2,737,196	2,554,320
Hult Center attendees	175,851	190,648	217,322	185,873	174,275	187,388	144,102	143,578	136,941	135,728
Recreation services	657,689	665,222	655,883	675,598	795,407	773,162	625,520	622,194	616,129	661,090
<u>Planning and development:</u>										
Construction permits issued	12,347	10,980	10,471	8,634	9,653	9,812	10,260	9,934	10,594	11,481
Land use applications reviewed	446	423	404	240	168	139	208	205	233	265
Parking permits issued	26,058	21,618	20,067	23,660	21,000	16,200	16,800	13,750	15,000	32,493
Parking citations issued	75,801	71,883	68,153	59,009	62,605	56,379	57,885	44,615	52,374	65,433
<u>Police:</u>										
Calls for service	116,596	106,972	104,552	107,836	102,426	103,219	109,097	123,099	127,782	125,867
Eugene crime index	7,078	6,039	5,581	6,864	6,009	4,857	5,282	5,337	5,209	5,251
U.S. median city crime index	4,911	2,785	2,698	2,640	2,520	2,419	3,769	3,845	3,618	3,591
<u>Public works:</u>										
Number of municipal airport passengers	711,822	724,662	773,213	659,641	724,855	789,620	806,541	840,048	891,936	907,810
Gallons of wastewater treated (in billions)	14.1	13.9	13.9	10.8	13.1	14.7	13.6	11.4	11.7	11.4

Notes

- a) The number of risk claims managed is based on the number of general and automobile liability cases and the number of workers' compensation claims managed during the year.
- b) The building square footage maintained decreased due to the demolition of City Hall in FY15.
- c) Recreation services include participants in the City's recreational programs and patron visits to the City's recreational facilities.
- d) Construction permits issued has a more comprehensive methodology starting in FY15 and going forward.
- e) Parking permits issued increased significantly under new management in FY15.
- f) Parking citations increased due to a greater parking enforcement effort in FY15.
- g) The Eugene crime index is based on the number of offenses, reported on a fiscal year basis (per 100,000 population).
- h) The U.S. median city crime index is based on the FBI's crime indices for median size U.S. cities with population size between 100,000 to 250,000 (per 100,000 population).

Data source

Individual City Departments

Capital Asset Statistics by Function/Program*Last ten fiscal years - unaudited*

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Fire and emergency medical services:</u>										
Ambulances	10	11	11	10	10	10	10	10	10	10
Fire stations	11	11	11	11	11	11	11	11	11	11
Fire apparatus	24	23	29	29	29	29	29	29	29	29
<u>Library, recreation, and cultural services:</u>										
Amphitheatre	1	1	1	1	1	1	1	1	1	1
Performing arts center	1	1	1	1	1	1	1	1	1	1
Community centers	8	8	8	8	8	8	8	8	8	8
9-hole golf course	1	1	1	1	1	1	1	1	1	1
Indoor/outdoor pool	3	3	3	3	3	3	3	3	3	3
<u>Police:</u>										
Patrol vehicles	63	63	65	42	42	43	43	43	52	52
<u>Public works:</u>										
Jogging and hiking trails (miles)	29	29	29	28	28	28	28	38	39	44
On/off street biking trails (miles)	126	130	132	153	157	157	159	159	159	304
Park acreage	2,902	3,150	3,670	3,671	3,671	3,987	4,283	4,506	4,576	4,677
Streets maintained (miles)	516	526	538	533	533	533	533	533	540	538
Alleys (miles)	42	42	42	42	42	42	43	43	43	43
Sidewalks (miles)	633	654	673	700	738	772	772	791	791	792
Drainage Lines (miles)	527	567	567	567	601	601	601	601	601	601
Wastewater collection lines (miles)	781	797	807	813	815	811	812	821	821	821

a) Beginning in FY15, bike lanes are being calculated based on lane miles as opposed to centerline miles.

Data source

Individual City Departments

AUDIT COMMENTS AND GOVERNMENT
AUDITING STANDARDS SECTIONS

AUDIT COMMENTS

AUDIT COMMENTS

(Comments and Disclosures Required by State Regulators)

Oregon Administrative Rules 162-10-000 through 162-10-320, of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required financial statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth following.

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INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS



To the Honorable Mayor, Members of the
City Council and the City Manager
City of Eugene, Oregon

An Independently Owned Member
McGLADREY ALLIANCE



We have audited the basic financial statements of City of Eugene, Oregon as of and for the year ended June 30, 2015, and have issued our report thereon dated December 23, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

Compliance

As part of obtaining reasonable assurance about whether City of Eugene's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to, the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing nothing came to our attention that caused us to believe City of Eugene was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

1. Overexpenditures of appropriations are described in Note (3) (B) to the financial statements, *Stewardship, Compliance, and Accountability*.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered City of Eugene's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Eugene's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Eugene's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report is intended solely for the information and use of the Honorable Mayor, members of the City Council, the City Manager, management of the City of Eugene and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than those specified parties.

ISLER CPA

A handwritten signature in black ink that reads "Gary Iskra". The signature is written in a cursive style with a large, stylized initial "G".

By: Gary Iskra, CPA, a member of the firm

Eugene, Oregon
December 23, 2015

GOVERNMENT AUDITING STANDARDS

Government Auditing Standards Report

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS



To the Honorable Mayor and Members of the City Council
City of Eugene, Oregon

An Independently Owned Member
McGLADREY ALLIANCE



We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Eugene, Oregon ("the City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Isler CPA

A handwritten signature in black ink that reads "Gary Iskra". The signature is written in a cursive style with a large, stylized initial "G".

By Gary Iskra, CPA, a member of the firm

Eugene, Oregon
December 23, 2015

OMB Circular A-133 (Single Audit) Report

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133



To the Honorable Mayor and Members of the City Council
City of Eugene, Oregon

An Independently Owned Member
McGLADREY ALLIANCE



Report on Compliance for Each Major Federal Program

We have audited the City of Eugene's ("the City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of

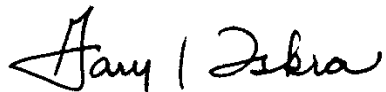
requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Isler CPA

A handwritten signature in black ink that reads "Gary Iskra". The signature is written in a cursive style with a large, stylized initial "G".

By Gary Iskra, CPA, a member of the firm

Eugene, Oregon
December 23, 2015

CITY OF EUGENE, OREGON

Schedule of Findings and Questioned Costs

June 30, 2015

Section I - Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Eugene.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Eugene were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City of Eugene expresses an unmodified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for the City of Eugene are reported.
7. The programs tested as a major programs were:
 - Community Development Block Grants/Entitlement Grants, CFDA #14.218
 - Airport Improvement Program, CFDA #20.106
 - State Homeland Security Program (SHSP), CFDA #97.073
8. The threshold for distinguishing between Type A and B programs was \$300,000.
9. The City of Eugene qualified as a low-risk auditee.

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

None

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2015

(amounts in dollars)

<u>Federal Grantor Program Title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct program:			
HOME Investment Partnerships Program	14.239	M-14-DC-41-0200	1,405,499
CDBG - Entitlement Grants Cluster:			
Direct program:			
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-41-0001	<u>507,260</u>
Total CDBG - Entitlement Grants Cluster			507,260
Total U.S. Department of Housing and Urban Development			1,912,759
<u>U.S. Department of the Interior</u>			
Direct program:			
Fish, Wildlife and Plant Conservation Resource Management	15.231	L10AC20366	43,366
Grants passed through Institute for Applied Ecology:			
Fish, Wildlife and Plant Conservation Resource Management	15.904	OR-13-06	2,436
Total U.S. Department of the Interior			45,802
<u>U.S. Department of Justice</u>			
Grants passed through State Justice Institute:			
Caseflow Management Assessment	16.000	SJI-13-T-150	50,000
JAG Program Cluster:			
Grants passed through Lane County, Oregon:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0231	14,190
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0645	<u>35,684</u>
Total JAG Program Cluster			49,874
Total U.S. Department of Justice			99,874
<u>U.S. Department of Transportation</u>			
Direct program:			
Airport Improvement Program	20.106	3-41-0018-049	78,068
Airport Improvement Program	20.106	3-41-0018-050	4,647,492
Grants passed through State of Oregon:			
National Motor Carrier Safety	20.218	29872	41,919
National Highway Traffic Safety Administration	20.614	146898	4,138
National Priority Safety Programs	20.616	M1HVE-15-46-03 CCC	6,163
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	IGA-361-2014	15,000
Highway Planning and Construction Cluster:			
Grants passed through State of Oregon:			
Highway Planning and Construction	20.205	29228	394,454
Highway Planning and Construction	20.205	28362	720
Highway Planning and Construction	20.205	29809	107,320
Highway Planning and Construction	20.205	29983	102,505
Highway Planning and Construction	20.205	30218	4,813
Highway Planning and Construction	20.205	30316	4,837
Highway Planning and Construction	20.205	30385	15,061
Highway Planning and Construction	20.205	30394	39,739
Recreational Trails Program	20.219	RT12-007	93,645

continued

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2015

(amounts in dollars)

<u>Federal Grantor Program Title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation, continued</u>			
Highway Planning and Construction Cluster, continued:			
Grants passed through Lane Council of Governments:			
Highway Planning and Construction	20.205	28990	10,461
Highway Planning and Construction	20.205	2014-00226	5,000
Highway Planning and Construction	20.205	2015-00226	<u>40,000</u>
Total Highway Planning and Construction Cluster			818,555
State and Community Highway Safety Cluster:			
Grants passed through State of Oregon:			
State and Community Highway Safety	20.600	OP-14-45-03 UUU	12,308
Grants passed through Oregon Impact:			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	2013/2014	12,838
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	2014/2015	<u>23,790</u>
Total State and Community Highway Safety Cluster			48,936
Total U.S. Department of Transportation			<u>5,660,271</u>
<u>U.S. Environmental Protection Agency</u>			
Direct program:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	00J66601	233,999
Total U.S. Environmental Protection Agency			<u>233,999</u>
<u>U.S. Department of Energy</u>			
Direct program:			
Bonneville Power Administration Agreement	81.000	KEW-4	90,518
Grants passed through State of Washington:			
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	F14-52117-012	7,000
Total U.S. Department of Energy			<u>97,518</u>
<u>U.S. Department of Education</u>			
Grants passed through Eugene School District 4J:			
Twenty-First Century Community Learning Centers	84.287	16923	76,583
Total U.S. Department of Education			<u>76,583</u>
<u>U.S. Department of Health and Human Services</u>			
Grants passed through State of Oregon:			
National Bioterrorism Hospital Preparedness Program	93.889	146818	2,336
Grants passed through Lane County, Oregon:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	51385	17,458
Block Grants for Community Mental Health Services	93.958	51582	7,223
Total U.S. Department of Health and Human Services			<u>27,017</u>
<u>Executive Office of the President</u>			
Grants passed through State of Oregon:			
High Intensity Drug Trafficking Areas Program	95.001	n/a	1,046
Total Executive Office of the President			<u>1,046</u>

continued

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2015

(amounts in dollars)

<u>Federal Grantor Program Title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Expenditures</u>
<u>U.S. Department of Homeland Security</u>			
Direct program:			
Assistance to Firefighters Grant	97.044	EMW-2013-FO-05767	377,482
Grants passed through State of Oregon:			
Emergency Management Performance Grants	97.042	14-541	149,424
State Homeland Security Program (SHSP)	97.073	13-216	16,493
State Homeland Security Program (SHSP)	97.073	13-217	121,472
State Homeland Security Program (SHSP)	97.073	14-222	101,879
State Homeland Security Program (SHSP)	97.073	14-223	72,272
State Homeland Security Program (SHSP)	97.073	14-224	61,286
Total U.S. Department of Homeland Security			900,308
Total Federal Financial Assistance			9,055,177

CITY OF EUGENE, OREGON

Notes to Schedule of Expenditures of Federal Awards

June 30, 2015

(1) Purpose of the Schedule

The accompanying schedule of expenditures of federal awards (the "Schedule") is a supplementary schedule to the City of Eugene's (City) basic financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the City, it is not intended to and does not present either the financial position, changes in fund balances, or the operating funds' revenues or expenditures of the City.

(2) Significant Accounting Policies

Basis of Presentation

The information in the Schedule is presented in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Federal Financial Assistance

Pursuant to the Single Audit Act of 1984 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

The Single Audit Act of 1984 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the City are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in Note 1A to the basic financial statements. Additionally, the Schedule includes all federal programs administered by the City for the year ended June 30, 2015.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.

(3) Subrecipients

During the fiscal year ended June 30, 2015, the City disbursed federal funding to various program recipients from the following federal programs:

<u>CFDA#</u>	<u>Federal Program Name</u>	<u>Expenditures</u>
14.218	Community Development Block Grants	\$350,000 to subrecipient

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